

**CLARK STATE COLLEGE
CLARK COUNTY, OHIO**



**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2024**

PLATTENBURG
Certified Public Accountants



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Board of Trustees
Clark State College
570 E. Leffel Lane
Springfield, Ohio 45505

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 26, 2024

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**CLARK STATE COLLEGE
CLARK COUNTY, OHIO
FOR THE YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Clark State College
Springfield, Ohio

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 pension information and other postemployment information to 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 auditing standards generally accepted in the United States of America, 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 accompanying 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 11, 2024

This section of the Clark State College ("College") annual financial report presents an overview of its financial condition and assists readers in focusing on significant financial issues of the College for the fiscal year ended June 30, 2024.

This discussion has been prepared by management and should be read in conjunction with and is qualified in its entirety by the accompanying financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change, and current known facts. The financial statements, footnotes, and this discussion are the responsibility of management.

USING THE ANNUAL FINANCIAL REPORT

This annual financial report includes three financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and subsequent statements. The Clark State College Foundation (the "Foundation") has been determined to be a component unit of the College. Accordingly, the Foundation is discretely presented in the College's financial statements. The Foundation is excluded from Management's Discussion and Analysis. Complete financial statements for the Foundation can be obtained from the Controller at the College.

One of the most important questions asked about the College's finances is whether the College, as a whole, is better off or worse off as a result of the year's activities. The three financial statements should assist readers of the annual report in answering this question. These statements present financial information in a form similar to that used by the private sector.

The College's net position is one indicator of its financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The College's (as well as all other public colleges) dependency on State aid, grants and gifts will result in operating deficits because the financial reporting model classifies State appropriations, Pell grants and gifts as non-operating revenues. The utilization of long-lived assets referred to as Capital Assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and non-capital financing and investing activities.

FINANCIAL AND OTHER COLLEGE HIGHLIGHTS

- Net position invested in capital assets (net of related debt) increased by \$5.6 million (10.9%). The College completed Phase IV of the Rhodes Hall renovations that began in fiscal year 2023, which was funded through the State of Ohio. The College continues to invest in its buildings through other projects around campus and partnerships with the community.
- Unrestricted net position (exclusive of pension/OPEB adjustments) decreased \$2.0M (16.0%). Unrestricted net position (including pension/OPEB adjustments) decreased by \$995,700 (5.4%).
- Student tuition and fees revenue (net of scholarship allowances) increased by \$753,000 (12.0%). Gross tuition and fees revenue increased by \$1.0M (8.4%). Scholarship allowances were up \$306,000 (4.9%). The College did raise instructional fees in fiscal year 2024 by \$5 per credit hour. The College experienced an increase in enrollment in fiscal year 2024.
- Net accounts receivable increased by \$879,400 (16.8%). This was mainly due to timing of application of federal funds for Title IV aid for students. An increase in enrollment also had an effect on student receivables.
- Current liabilities increased \$2.2M (56.5%). The College experienced an increase in Accrued Payroll tax liabilities relating to timing of payroll-related liability payments, an increase in Accounts Payable due to the timing of payments for a collaboration with the City of Springfield on the construction of a new fire station on South Limestone which will house the College's fire program. The State of Ohio also provided several multi-year grant opportunities which significantly increased deferred revenue by 1.2M (310.7%). Noncurrent liabilities, not including net OPEB & pension liabilities, decreased \$307,200 (6.5%). As of June 30, 2024, the College has one bond outstanding. The College also has one lease liability for the REACH center in Xenia. Decreases to noncurrent liabilities was due to normal reductions to the liability of the bond and the lease.
- Federal operating grants decreased \$838,200 (27.6%). This is mostly due to a collaborative grant with business partner ARCTOS through the Department of Defense which also ended in 2024. However, the College is now collaborating with them on another Department of Defense grant. The College also received a new grant with the Federal Department of Transportation for student aid for students pursuing their Commercial Driver's License (CDL). State and local grants decreased \$54,100 (43.5%) due to a decrease in State Fire Marshal funding. Nongovernmental grants and contracts decreased by \$28,600 (23.4%). The College continues to receive money through a Metallica Scholars initiative through the All With My Hands Foundation, which supports students in hands-on learning in the College's Welding program. The College's major youth program, Project Jericho, continues to be funded through Clark County Department of Job and Family Services and the many generous donations received from the community through the Foundation and other funding opportunities.
- Auxiliary enterprise revenue, in total, increased by \$87,200 (7.8%). Bookstore revenues (net of scholarship allowances) decreased \$19,600 (9.5%) with gross revenue up \$67,400 (19.5%). The College continues to partner with eCampus to provide affordable textbook options to students. The College no longer subsidizes food service on campus and is now partnering with Fresh Abilities to offer food on the premises. Parking revenue increased \$3,100 (9.2%). Commercial Transportation Training Center revenues increased \$103,800 (11.8%) due to an increase in enrollment which has been partially spurred by the return of State support for a student loan/grant program for these students, a grant with the Federal Department of Transportation as well as a national need for the CDL drivers. They have also opened a testing facility to serve as a one-stop option for students pursuing their Commercial Driver's License.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and whereby expenses and liabilities are recognized when others provide the service, regardless of when payment is initiated. Net position is simply the difference between the total assets and deferred outflows of resources, less the total liabilities and deferred inflows of resources. The change in net position during the fiscal year is an indicator of the change in the overall financial condition of the College during the year.

A summary of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
	(all dollar amounts in thousands)	
Current assets	\$ 17,887	\$ 17,770
Noncurrent assets	<u>61,659</u>	<u>56,869</u>
Total assets	<u>79,546</u>	<u>74,639</u>
Deferred outflows of resources	7,678	8,157
Current liabilities	6,040	3,859
Noncurrent liabilities	<u>36,459</u>	<u>37,676</u>
Total liabilities	<u>42,499</u>	<u>41,535</u>
Deferred inflows of resources	6,994	8,065
Net position		
Net investment in capital assets	56,742	51,165
Restricted		
Nonexpendable	250	250
Expendable	131	177
Unrestricted	<u>(19,392)</u>	<u>(18,396)</u>
Total net position	<u>37,731</u>	<u>\$ 33,196</u>

Many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension/OPEB and the net pension/OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

A review of the summary indicates a relatively strong financial position as of June 30, 2024. Total net position increased \$4.6 million primarily due to pension and OPEB adjustments and an increase in capital assets. Net position increased \$3.5M (5.4%) (exclusive of pension and OPEB adjustments).

Net position represents the remaining amount of the College's assets and deferred outflows after deducting liabilities and deferred inflows.

Clark State College
Management's Discussion and Analysis
Year Ended June 30, 2024

Net investment in capital assets represents the College's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets had a \$5.6M increase (10.9%). This is primarily due to the Rhodes Hall renovations which were provided by capital funding by the State of Ohio.

Restricted nonexpendable net position represents the College's permanent endowments.

Restricted expendable net position represents funds that are externally restricted to specific purposes such as student financial aid, grants and capital component funds.

Unrestricted net position (exclusive of net pensions) are funds that the College has at its disposal to use for whatever purposes the Board determines appropriate. While not subject to external restrictions, the College has designated these funds internally for various academic, student services, student aid and capital purposes.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the College. A summary of the College's revenues, expenses and changes in net position for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
	(all dollar amounts in thousands)	
Operating revenues		
Student tuition and fees, net	\$ 7,038	\$ 6,285
Grants and contracts	4,041	3,286
Auxiliary enterprises	1,204	1,116
Other	1,319	1,588
Total	<u>13,602</u>	<u>12,275</u>
 Operating expenses	 40,885	 38,483
Operating loss	<u>(27,283)</u>	<u>(26,208)</u>
 Nonoperating revenues (expenses)		
State appropriations	16,843	16,260
Federal grants	8,942	9,760
Investment Income	473	355
Other	(49)	21
Interest expense	(109)	(85)
Capital appropriations	5,709	791
Capital grants	8	295
Total	<u>31,817</u>	<u>27,397</u>
 Increase (decrease) in net position	 <u>4,534</u>	 <u>\$ 1,189</u>

Clark State College
Management's Discussion and Analysis
Year Ended June 30, 2024

The College relies primarily on state appropriations and student tuition and fees to fund its ongoing programs and operations. Although classified by GASB 35 as a non-operating revenue source, state appropriations over the years have been the largest single source of revenue for the College up until fiscal year 2004. The amount received each year is no longer a function of student enrollment. Funding is based on student success measures – course completion, success points and completion metrics. FTE Enrollment increased 2.8% in fiscal year 2024. Student fees were increased \$5 per credit hour in FY 2024. As the table below demonstrates, the State of Ohio has dramatically shifted the burden for funding the cost of higher education to students and their families. Although in recent years, the trend is reversing due to a combination of tuition restraint and the College's success in the appropriation model based on student success and completion.

State Operating Appropriations per Dollar of Gross Tuition

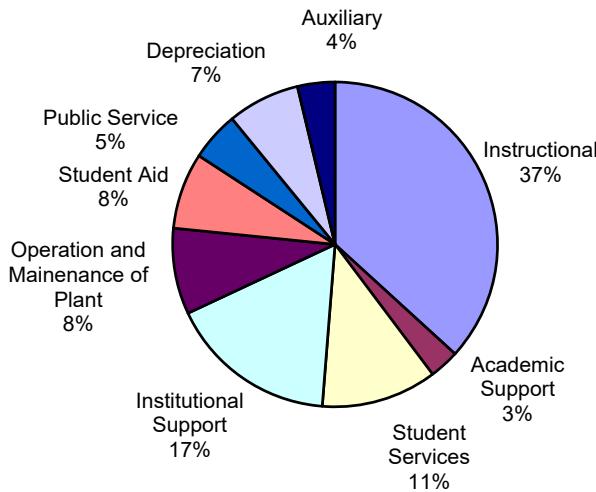
<u>Fiscal Year</u>	<u>Gross Tuition</u>	<u>State Operating Appropriations</u>	<u>Net State Appropriations per Dollar of Gross Tuition</u>
1980	\$ 1,144,925	\$ 2,160,717	\$1.89
1990	2,781,764	4,491,168	1.61
2000	4,964,992	6,069,435	1.22
2010	12,626,366	9,367,573	0.74
2014	15,693,399	10,819,671	0.69
2015	16,636,325	11,164,635	0.67
2016	14,640,107	11,987,351	0.82
2017	15,169,101	13,164,123	0.87
2018	14,124,922	13,804,624	0.98
2019	14,498,916	14,631,745	1.01
2020	14,645,431	14,588,472	1.00
2021	14,312,734	15,559,047	1.09
2022	13,316,705	16,022,928	1.20
2023	12,549,521	16,156,173	1.29
2024	13,608,588	16,218,459	1.19

In FY 1980, the State contributed \$1.89 to Clark State for every dollar of gross tuition. As of 2024, that figure has dropped to \$1.19. In FY 2024, state appropriations exceed gross tuition by approximately \$2.6 million.

The increase in state support helps offset the tuition rate. It is a continual challenge to generate sufficient funds to attract qualified staff and faculty, maintain state-of-the art facilities, implement student retention/academic support services, address deferred maintenance, develop new academic programs to meet workforce needs, and provide the latest technology and equipment to be able to furnish students with a quality learning experience at an affordable cost. It is imperative to adequately fund these initiatives in the interest of student success.

Total state appropriations increased 0.4% in FY 2024. Net student tuition and fees increased 12.0% from \$6.2 million in FY 2023 to \$7.0 million in FY 2024.

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



Operating expenses increased in comparison to the prior year. There was an increase in spending in FY 2024 primarily due to restricted activities. Expenses relating to pension and OPEB adjustments reduced the College's overall expenses for the year. The following expense increases and decreases are exclusive of the pension and OPEB adjustments:

Expenses increased in functional categories of instruction 8.7%, academic support 2.0%, student services 0.3%, operation and maintenance of plant 17.7%, student aid 40.3%, depreciation 9.5% and auxiliary 13.0%. Investments were made in part-time support of instruction and restricted spending on instructional equipment for a laser manufacturing program. Student aid increased due to an increase in Pell grants for students as well as several state sponsored grants. Depreciation increased as a result of completing the Rhodes Hall renovation project through the State of Ohio. Auxiliary expenses increased for the Commercial Transportation Training Center, which also experienced an increase in revenue.

Expenses decreased in functional categories of institutional support (0.8%) and public service (11.7%). Institutional support saw a decrease due to the absence of HEERF related funding in FY 2024. Public service also saw a decrease due to restructuring of expenses and vacancies in personnel.

The following table shows a comparison of total operating expenses per FTE for FY 2024 and FY 2023. Total operating expenses per FTE student increased by \$493 during FY 2024.

	2024	2023	Difference	Change
Total operating expenses	\$ 40,885,500	\$ 38,482,895	\$ 2,402,605	6.2%
FTE Enrollment	2,726	2,653	73	2.8%
Total operating expenses per FTE	\$ 14,998	\$ 14,505	\$ 493	3.4%

STATEMENT OF CASH FLOWS

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the College during the year. A summary of the Statement of Cash Flows for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cash provided (used) by:		
Operating activities	\$ (23,919)	\$ (22,218)
Noncapital financing activities	25,736	26,041
Capital and related financing activities	(2,914)	(2,650)
Investing activities	465	355
Net change in cash and cash equivalents	(632)	1,528
 Cash and cash equivalents		
Beginning of year	<u>11,573</u>	<u>10,045</u>
End of year	<u>10,941</u>	<u>11,573</u>

Cash and cash equivalents decreased by 5.5% primarily due to a decrease in grants and contracts due to the decrease in HEERF related activities.

GASB STATEMENT NO. 68

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the College is required to recognize its proportionate share of the net pension liability to more comprehensively measure the annual costs of pension benefits. For Clark State, the net pension liability reflected on the FY 2024 Statement of Net Position is \$28.1 million.

GASB STATEMENT NO. 75

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*, the College is required to recognize its OPEB asset/liability to more comprehensively measure the annual costs of its post-employment benefits other than pensions. For Clark State, a net OPEB asset of \$1.3 million and a net OPEB liability of \$4.0 million is reported on the FY 2024 Statement of Net Position.

CAPITAL ASSETS AND DEBT

Capital Assets

The College had \$57.8 million invested in capital assets net of accumulated depreciation of \$53.2 million at June 30, 2024. Depreciation expense for the year ended June 30, 2024 was \$2.9 million and for 2023 was \$2.7 million.

Clark State College
Management's Discussion and Analysis
Year Ended June 30, 2024

A summary of net capital assets for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Land, building improvements and infrastructure	\$ 4,627	\$ 3,498
Buildings	48,803	44,893
Furniture and equipment	4,067	3,678
Library books	59	62
Vehicles	232	92
Construction in progress	0	1,577
Total capital assets, net	<u>57,788</u>	<u>53,800</u>

Capital projects during FY 2024 included the end of Phase IV of renovations to Rhodes Hall which completes the Rhodes Hall renovation project provided by capital funding from the State of Ohio. The Performing Arts Center also received a lighting upgrade with capital funding from the State of Ohio. See Note 5 of the financial statements for additional details.

Debt

The College holds one bond and had \$2.4 million of liability at June 30, 2024. Interest rates range from 2.0% to 4.0%, and the bond will mature in 2032. See Note 6 of the financial statements for additional details.

STRATEGIC PLAN

The College embarked on a new strategic planning process in Spring 2022. Faculty, staff, students, Trustees, Foundation Directors, business leaders and the community at large were invited to participate in the process.

The new goals that will be implemented over 2023-2026 are the following:

- Develop and strengthen quality, innovative academic programs
- Improve enrollment, student success, retention and completion
- Facilitate and support an equitable and inclusive culture of care that recognizes, embraces, and reflects the diversity of the communities we serve
- Cultivate effective and efficient communication strategies and collaboration throughout the college
- Promote and support collaboration with diverse communities, businesses and industry partners

Clark State College
Statement of Net Position
June 30, 2024

	<u>2024</u>
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 10,855,446
Cash with fiscal agent	86,359
Investments	243,084
Accounts receivable, net	6,127,021
Prepaid expenses	503,684
Inventory	68,627
Employee loans receivable	2,505
Total current assets	<u>17,886,726</u>
Noncurrent assets	
Capital assets, not being depreciated	2,441,928
Capital assets, net of depreciated	55,346,725
Lease asset, net of amortization	1,230,193
Lease Deposit	1,350,000
Net OPEB asset	1,290,503
Total noncurrent assets	<u>61,659,349</u>
Total assets	<u>79,546,075</u>
Deferred outflows of resources	
OPEB	2,187,367
Pension	5,490,871
Total deferred outflows of resources	<u>7,678,238</u>
Liabilities	
Current liabilities	
Accounts payable and other accrued liabilities	1,888,558
Bonds and notes payable, current portion	240,000
Wages payable	1,584,973
Accrued payroll tax liabilities	377,871
Unearned revenue	1,620,968
Unclaimed funds	253,886
Lease liability, current portion	73,705
Total current liabilities	<u>6,039,961</u>
Noncurrent liabilities	
Bonds and notes payable, less current portion	2,393,816
Deposits held in trust for others	92,773
Accrued compensated absences	706,230
Lease liability, less current portion	1,198,211
Net OPEB liability	3,954,444
Net pension liability	28,113,617
Total noncurrent liabilities	<u>36,459,091</u>
Total liabilities	<u>42,499,052</u>
Deferred inflows of resources	
OPEB	4,564,280
Pension	2,429,989
Total deferred inflows of resources	<u>6,994,269</u>
Net position	
Net investment in capital assets	56,741,927
Restricted	
Nonexpendable	250,000
Expendable	130,951
Unrestricted (deficit)	<u>(19,391,886)</u>
Total net position	<u>\$ 37,730,992</u>

See accompanying notes to financial statements.

Clark State College Foundation
 Statement of Financial Position
 June 30, 2024

	<u>2024</u>
Assets	
Cash and cash equivalents	\$ 93,715
Investments	30,101,966
Accounts receivable, Clark State College	0
Pledges receivable	7,724
Prepaid expenses	<u>9,716</u>
	<u>\$ 30,213,121</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 441
Accounts payable, Clark State College	183,275
Deferred revenue	0
Wages payable	<u>4,366</u>
	<u>188,082</u>
Net assets	
Without donor restrictions	965,348
With donor restrictions	<u>29,059,691</u>
	<u>30,025,039</u>
	<u>\$ 30,213,121</u>

See accompanying notes to financial statements.

Clark State College
 Statement of Revenues, Expenses and Change in Net Position
 Year Ended June 30, 2024

	<u>2024</u>
Operating revenues	
Student tuition and fees, net of scholarship allowance	
Of \$6,570,196 respectively	7,038,392
Federal grants and contracts	3,876,781
State and local grants and contracts	70,365
Nongovernmental grants and contracts	93,867
Auxiliary enterprises	
Bookstore, net of scholarship allowances	186,115
of \$139,198 and \$155,252 respectively	
Parking	36,244
Truck driving	981,224
Other operating revenues	<u>1,319,499</u>
Total operating revenues	<u>13,602,487</u>
Operating expenses	
Educational and general	
Instruction	15,034,756
Academic support	1,214,747
Student services	4,708,774
Institutional support	6,857,673
Operation and maintenance of plant	3,500,702
Student aid	3,103,107
Public service	1,997,542
Depreciation expense	2,946,478
Auxiliary enterprises	<u>1,521,721</u>
Total operating expenses	<u>40,885,500</u>
Operating loss	(27,283,013)
Nonoperating revenues (expenses)	
State appropriations	16,843,246
Federal grants revenue	8,941,694
Investment Income	473,187
Other nonoperating items	(49,266)
Interest expense	(108,736)
Net nonoperating revenues (expenses)	<u>26,100,125</u>
Gain (loss) before other revenues, expenses, gains, or losses	(1,182,888)
Capital appropriations	5,709,193
Capital grants and gifts	<u>8,423</u>
Total other revenues, expenses, gains, or losses	<u>5,717,616</u>
Change in net position	4,534,728
Net position – beginning of year	<u>33,196,264</u>
Net position – end of year	<u>\$ 37,730,992</u>

See accompanying notes to financial statements.

Clark State College Foundation
 Statements of Activities and Changes in Net Assets
 Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2024</u>
Revenues and other support			
Campaign contributions	\$ 220,267	184,940	405,207
Investment return, net	112,576	3,453,324	3,565,900
Miscellaneous	-	43,220	43,220
Net assets released from restrictions	<u>1,233,679</u>	<u>(1,233,679)</u>	<u>-</u>
Total revenues and other support	<u>1,566,522</u>	<u>2,447,805</u>	<u>4,014,327</u>
Expenses			
Programs	1,117,777	-	1,117,777
Management and general	229,549	-	229,549
Fundraising	<u>30,493</u>	<u>-</u>	<u>30,493</u>
Total expenses	<u>1,377,820</u>	<u>-</u>	<u>1,377,820</u>
Change in net assets	188,702	2,447,805	2,636,507
Net assets at beginning of year	<u>776,646</u>	<u>26,611,886</u>	<u>27,388,532</u>
Net assets at end of year	<u>\$ 965,348</u>	<u>29,059,691</u>	<u>30,025,039</u>

See accompanying notes to financial statements.

Clark State College
Statement of Cash Flows
Year Ended June 30, 2024

	<u>2024</u>
Cash flow from operating activities	
Tuition and fees	\$ 6,086,789
Grants, gifts and contracts	4,005,862
Payments for goods and services	(8,386,562)
Payments for utilities	(1,032,301)
Payments to employees	(19,133,765)
Payments for benefits	(6,129,410)
Payments for scholarships and fellowships	(3,103,107)
Collection (payment of loans to students and employees	(240)
Auxiliary enterprise charges	
Bookstore	186,115
Parking	36,244
Truck driving	981,224
Other receipts	<u>2,570,530</u>
Net cash from operating activities	<u>(23,918,621)</u>
Cash flows from noncapital financing activities	
State appropriations	16,843,246
Federal grants revenue	8,941,694
Other nonoperating items	<u>(49,266)</u>
Net cash from noncapital financing activities	<u>25,735,674</u>
Cash flows from capital financing activities	
Purchase of capital assets	(8,379,295)
Principal paid on notes, bonds and leases	(250,979)
Interest paid on notes, bonds and leases	(108,736)
Capital appropriations	5,816,564
Capital grants and gifts proceeds	<u>8,423</u>
Net cash from capital financing activities	<u>(2,914,023)</u>
Cash flow from investing activities	
Net change in investments	(7,739)
Income on investments	<u>473,187</u>
Net cash from investing activities	<u>465,448</u>
Net change in cash and cash equivalents	(631,522)
Cash and cash equivalents, beginning of year	<u>11,573,327</u>
Cash and cash equivalents, end of year	<u>\$ 10,941,805</u>
Reconciliation of cash and cash equivalents to the Statements of Net Position:	
Cash and cash equivalents	10,855,446
Cash with fiscal agent	<u>86,359</u>
	<u>\$ 10,941,805</u>

See accompanying notes to financial statements.

Clark State College
 Statements of Cash Flows
 Year Ended June 30, 2024

		<u>2024</u>
Reconciliation of net operating loss to net cash from operating activities		
Operating loss	\$ (27,283,013)	
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and Amortization	2,946,478	
Provision for bad debts	570	
Change in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable net	(987,315)	
Prepaid expenses	107,859	
Inventory	31,450	
Employee loans receivable	(240)	
Net OPEB asset	463,679	
Deferred outflows of resources	478,975	
Accounts payable and other accrued liabilities	569,620	
Wages payable	178,212	
Accrued payroll tax liabilities	298,097	
Unearned revenue	1,226,297	
Unclaimed funds	3,827	
Deposits held in trust for others	20,897	
Compensated absences	6,589	
Net pension liability	(1,330,587)	
Net OPEB liability	420,871	
Deferred inflows of resources	<u>(1,070,887)</u>	
Net cash from operating activities	<u>\$ (23,918,621)</u>	

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The College is an institution of higher education and is considered to be a component unit of the State of Ohio (“State”) because its Board of Trustees is appointed by the Governor of the State. Accordingly, the College is included in the State’s financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations, grants from various state agencies and payments to the State retirement program for certain College employees.

The College is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501(c)(3), 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 to 514.

Clark State College Foundation (“Foundation”) is a legally separate, tax-exempt organization that exists to provide financial assistance to the educational programs, services, and facilities of the College. Although the College does not control the timing or the number of receipts from the Foundation, the majority of resources or incomes thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Therefore, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements.

Financial Statement Presentation: The accompanying financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (“GASB”).

GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities* (“GASB Statement No. 35”) and subsequent statements issued by GASB, established standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

- **Net investment in capital assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted, nonexpendable** – Net position subject to externally-imposed stipulations that they be maintained permanently by the College.
- **Restricted, expendable** – Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These represent amounts for capital construction projects, student services, and public service initiatives.
- **Unrestricted** – Net position that is not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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

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

Basis of Accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Equity in Pooled Cash and Cash Equivalents: Equity in pooled cash and cash equivalents consist of cash on hand and demand deposits with banks. For purposes of the statement of cash flows, the College considers all highly liquid debt instruments with original maturities 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.

Investments: The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and change 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 consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also includes amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories are comprised of textbooks and educational materials sold by the bookstore and are stated at actual cost using the first-in, first-out method.

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of the gift. In the absence of historical cost records, equipment is recorded at the current cost of replacement as of that date.

Leased Assets: A leased asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. The amortization period of the leased asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. At the termination of the lease, the leased asset and associated lease liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a gain or loss at that time.

Capital asset additions and improvements with a cost in excess of \$5,000 are capitalized and depreciated on a straight-line basis over the estimated useful life of the property as follows:

Classification	Life
Infrastructure	20 - 40 years
Buildings	45 years
Leasehold improvements	20 - 40 years
Furniture and equipment	5 - 20 years
Library books	10 years
Vehicles	3 - 6 years

Unearned Revenue: Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits Held in Trust for Others: Deposits held in trust for others in the amount of \$92,773 represents the balance in the College's various activity funds that are available to be spent.

Compensated Absences: The liability and expense incurred for employee vacation and sick pay are recorded as accrued compensated absences in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses and change in net position.

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.

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 position 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 position 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).

Operating and Nonoperating Revenues: The College's policy for defining operating activities as reported on the statements of revenues, expenses, and change 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 revenues as defined by GASB Statements No. 34 and 35, including state appropriations and investment income. Pell grants are considered nonexchange transactions and are recorded as non-operating revenues in the accompanying financial statements.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and change in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements based on whether or not they are considered exchange transactions. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Estimates: The preparation of financial statements in conformity with the 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS

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 of aggregate market value equal to the total of 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.

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; 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.

Cash with Fiscal Agent: Effective July 1, 2020, the College became self-insured through a fiscal agent for health insurance. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2024 was \$86,359. This amount is not included in the "cash and cash equivalents" or "investments" reported below.

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 Authority 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.

As of June 30, 2024, the carrying amount of the College's deposits was \$1,497,813, which does not include \$3,917 in petty cash. Of the 2024 bank balance, \$925,710 was covered by federal depository insurance, \$1,396,604, was collateralized in both the College's name and the financial institution's name, and \$228,256 was secured with letters of credit for the benefit of the College.

Investments: At June 30, 2024, the College had amounts on deposit with STAR Ohio, totaling \$9,519,721, which is included in the "Equity in Pooled Cash and Cash Equivalents" amount on the statements of net position. 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, 2024, the College had the following investments and maturities:

	Investment Maturities (in Years)			
	Measurement			
	Value	Less than 1	1 to 3	3 to 5
Negotiable certificates of deposit	242,638	242,638	-	-
US treasury notes	446	446	-	-
Star Ohio	9,519,721	9,519,721	-	-
	<u>\$ 9,762,805</u>	<u>\$ 9,762,805</u>	<u>\$ -</u>	<u>\$ -</u>

The College's investments include \$446, invested in obligations of the U.S. Treasury and are therefore not subject to the credit risk disclosures of GASB Statement No. 40 which are stated at their fair value.

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

Interest rate risk: The College has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice the College manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to approximately two years.

Credit Risk: It is College practice to limit its investments to those explicitly guaranteed by the U.S. government, to STAR Ohio (rated AAA by Standard & Poor's), or to high yield cash investments with authorized banks which pledge pooled securities as collateral.

Concentration of credit: The College places no limit on the amount they may invest in any one issuer.

NOTE 3 – 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.

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

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Negotiable certificates of deposit	\$ 242,638	\$ 242,638	\$ -	\$ -
US treasury notes	446	446	-	-
Total	\$ 243,084	\$ 243,084	\$ -	\$ -

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, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, 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 4 – RECEIVABLES

Receivables at June 30, 2024 consisted of billings for student fees, rentals, sponsored billings and intergovernmental receivables arising from grants. All receivables are not considered collectible in full and an allowance for doubtful accounts was established as reflected in the financial statements. Accounts receivable consist of the following at June 30:

	2024
Student charges	\$ 6,404,097
Room rentals	30,858
Post-secondary	253,794
Customized training services	41,336
Sponsored billings	483,121
Intergovernmental	797,055
Miscellaneous	618,316
	<u>8,628,577</u>
Less allowance for possible collection losses	(2,501,556)
Accounts receivable, net	<u><u>\$ 6,127,021</u></u>

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity of the College for the year ended June 30, 2024:

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Nondepreciable capital assets:				
Land	\$ 2,441,928	\$ -	\$ -	\$ 2,441,928
Construction in progress	<u>1,577,366</u>	<u>5,351,342</u>	<u>(6,928,708)</u>	<u>0</u>
Total nondepreciable capital assets	<u>4,019,294</u>	<u>5,351,342</u>	<u>(6,928,708)</u>	<u>2,441,928</u>
Depreciable capital assets:				
Infrastructure	4,484,446	-	-	4,484,446
Buildings	82,665,249	5,842,619	-	88,507,868
Building improvements	434,057	1,241,167	-	1,675,224
Furniture and equipment	11,951,292	1,164,704	(681,602)	12,434,394
Library books	406,506	13,112	(15,391)	404,227
Vehicles	912,461	250,859	(107,155)	1,056,165
Total depreciable capital assets	<u>100,854,011</u>	<u>8,512,461</u>	<u>(804,148)</u>	<u>108,562,324</u>
Accumulated depreciation				
Infrastructure	3,757,711	27,507	-	3,785,218
Buildings	37,772,548	1,931,827	-	39,704,375
Building improvements	105,203	83,761	-	188,964
Furniture and equipment	8,272,962	527,717	(433,239)	8,367,440
Library books	344,832	15,752	(15,391)	345,193
Vehicles	820,014	111,550	(107,155)	824,409
Total accumulated depreciation	<u>51,073,270</u>	<u>2,698,114</u>	<u>(555,785)</u>	<u>53,215,599</u>
Total nondepreciable capital assets-net	<u>4,019,294</u>	<u>5,351,342</u>	<u>(6,928,708)</u>	<u>2,441,928</u>
Total depreciable capital assets-net	<u>49,780,741</u>	<u>5,814,347</u>	<u>(248,363)</u>	<u>55,346,725</u>
Lease assets:				
Buildings	1,484,713	-	-	1,484,713
Total lease assets	<u>1,484,713</u>	<u>-</u>	<u>-</u>	<u>1,484,713</u>
Accumulated amortization	<u>169,680</u>	<u>84,840</u>	<u>-</u>	<u>254,520</u>
Total lease assets-net	<u>1,315,033</u>	<u>(84,840)</u>	<u>-</u>	<u>1,230,193</u>
Total capital assets-net	<u>55,115,068</u>	<u>11,080,849</u>	<u>(7,177,071)</u>	<u>59,018,846</u>

NOTE 6 – LONG-TERM OBLIGATIONS

The College's long-term obligations at June 30, 2024 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable					
Bonds and notes payable	\$ 2,675,000	\$ -	\$ 230,000	\$ 2,445,000	\$ 240,000
Bond premium	209,795	-	20,979	188,816	-
Total bonds	2,884,795	-	250,979	2,633,816	240,000
Net pension liability:					
SERS	14,384,072	-	559,845	13,824,227	-
STRS	15,060,132	-	770,742	14,289,390	-
Total net pension liability	29,444,204	-	1,330,587	28,113,617	-
Net OPEB liability:					
SERS	3,533,573	420,871	-	3,954,444	-
Total net OPEB liability	3,533,573	420,871	-	3,954,444	-
Other long-term obligations					
Deposits held in trust for others	71,876	20,897	-	92,773	-
Compensated absences	699,641	6,589	-	706,230	-
Lease liability	1,343,584	-	71,668	1,271,916	73,705
Total other obligations	2,115,101	27,486	71,668	2,070,919	73,705
Total long-term liabilities	37,977,673	448,357	1,653,234	36,772,796	313,705

In June 2006, the College issued \$8,175,000 of General Receipts Bonds, Series 2006, to pay a portion of the costs of the Sara T. Landess Technology and Learning Center. These bonds are special obligations of the College. Principal and interest on the bonds are payable solely from the pledged general receipts of the College. The bonds are not obligations of the State of Ohio, are not general obligations of the College, and the full faith and credit of the College is not pledged to their payment. Bondholders have no right to have excises or taxes levied by the Ohio General Assembly.

The College has covenanted it will ensure sufficient general receipts at all times sufficient to, at least, pay debt service charges on the General Receipt Bonds when due. The total principal and interest remaining to be paid at June 30, 2024 was \$2,750,166. Principal and interest paid during fiscal year 2024 and total general receipts were \$305,463 and \$9,561,474, respectively.

The interest is payable semi-annually each June 1 and December 1, beginning December 1, 2016, and ending December 1, 2032. The principal is payable annually each December 1 beginning December 1, 2016 and ending December 1, 2032. The interest rates range from 2.0% to 4.0%. The bonds are payable as follows:

Year Ending	June 30	Principal	Interest	Total
	2025	240,000	66,062	306,062
	2026	250,000	56,263	306,263
	2027	260,000	46,062	306,062
	2028	265,000	38,213	303,213
	2029	275,000	32,812	307,812
	2030	280,000	27,088	307,088
	2031	285,000	20,861	305,861
	2032	290,000	13,305	303,305
	2033	300,000	4,500	304,500
		\$ 2,445,000	\$305,166	\$ 2,750,166

Under the College's compensated absences policy, employees in Grade Levels 7 through 14 earn vacation leave at a rate of 6.15 hours for each pay period, up to a maximum of 160 hours. Employees in Grade Levels 5 and 6 earn vacation at a rate of 4.62 hours per pay period, up to a maximum of 120 hours. Employees in Grade Levels 4 and below earn vacation leave at a rate of 3.08 hours for each pay period, up to a maximum of 80 hours. Upon completion of five years of service, eligible employees in grade levels 1-6 earn eight additional vacation hours for each year of service, up to a maximum of 160 hours. The policy allows a maximum of 200 vacation hours to be carried over to the subsequent year. Upon termination of employment, an employee is entitled to payment for all unused, accrued vacation hours.

College employees earn 10 hours of sick leave for each month of service up to a maximum of 120 hours per year. Annual unused sick leave has unlimited accrual. This sick leave will either be absorbed by time off due to illness or injury, or within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave to a maximum payout of 240 hours. The College uses the vesting method to estimate the liability for the next fiscal year. Full-time faculty have the option of deferring compensation for overload assignments for future leave time with pay during a regular academic year.

The President is covered by the above stated Board policy on "sick leave severance upon retirement." The President is entitled to 22 days annual paid vacation. The President may elect to receive the cash equivalent of up to 10 days of unused vacation annually.

The total amount accrued for compensated absences at June 30:

	2024
Vacation	\$ 676,749
Sick leave	29,116
Faculty banked leave	<u>365</u>
 Total	 <u>\$ 706,230</u>

Lease Liability – Lease Assets

The College has entered into a contract with the YMCA of Greater Dayton that conveys control of the right to use their nonfinancial asset (the underlying asset) for classroom space as specified in the contract for a period of time. The basis and terms of this contract is for 20 years after the commencement date with two renewal terms of 5 years each.

During the period there were no outflows of resources recognized for variable payments not previously included in the measurement of the lease liability. During the period there were no outflows of resources recognized for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability. There were no commitments under leases before the commencement of the lease term.

The following table represents the principal and interest requirements to maturity:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	73,508	31,432	104,940
2026	75,395	29,545	104,940
2027	77,331	27,609	104,940
2028	79,317	25,623	104,940
2029	81,354	23,586	104,940
2030-2034	439,199	85,501	524,700
2034-2038	445,812	26,418	472,230
	<u>\$ 1,271,916</u>	<u>\$249,714</u>	<u>\$ 1,521,630</u>

The College has also partnered with the City of Springfield to build a new fire station on South Limestone which will house the College's Fire program. The college has given \$1.3M in support to the construction of the building, shown as a Lease Asset on the College's financials for this fiscal year. The agreement for residence in the building will begin in fiscal year 2025 when a lease liability will be recognized on the College's financials for the lease agreement.

NOTE 7 – STATE SUPPORT

The College is a state-assisted institution of higher education, which receives a student-based subsidy, determined annually using a formula devised by the Ohio Department of Higher Education.

In addition to the student subsidies, the State of Ohio provides the funding for construction of major plant facilities on the College campus. The funding is obtained from issuance of revenue bonds by the Ohio Public Facilities Commission ("OPFC"), which in turn causes the construction and subsequent lease of the facility by the Ohio Department of Higher Education. Upon completion of a facility, the Department of Higher Education turns over control to the College, which capitalizes the cost.

Neither the obligation for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. Currently, these are being funded through appropriations to the Department of Higher Education by the Ohio General Assembly.

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 net pension/OPEB liability (asset) represent the College's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 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 pensions/OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years,

each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

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, 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:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or 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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent 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 percent for plan members and 14 percent 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The College's contractually required contribution to SERS was \$1,438,386 for fiscal year 2024.

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 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 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. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes were phased in until August 1, 2023. Retirement eligibility for unreduced benefits are five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits were phased in until August 1, 2023. Retirement eligibility is five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent 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 Combined Plan payment is payable to a member on or after age 60 with five 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 Combined 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 plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined 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 ten 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. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The College's contractually required contribution to STRS was \$1,309,455 for fiscal year 2024.

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

The net pension liability (asset) was measured as of June 30, 2023, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$13,824,226	\$14,289,392	\$28,113,618
Proportion of the Net Pension Liability:			
Current Measurement Date	0.25018890%	0.06635446%	
Prior Measurement Date	0.26593940%	0.06774650%	
Change in Proportionate Share	-0.01575050%	-0.00139204%	
Pension Expense	\$1,579,100	\$776,253	\$2,355,353

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$594,195	\$520,961	\$1,115,156
Changes of assumptions	97,925	1,176,809	1,274,734
Changes in employer proportionate share of net pension liability	353,140	0	353,140
Contributions subsequent to the measurement date	1,438,386	1,309,455	2,747,841
Total Deferred Outflows of Resources	\$2,483,646	\$3,007,225	\$5,490,871
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$31,708	\$31,708
Changes of assumptions	0	885,799	885,799
Net difference between projected and actual earnings on pension plan investments	194,311	42,826	237,137
Changes in employer proportionate share of net pension liability	616,126	659,219	1,275,345
Total Deferred Inflows of Resources	\$810,437	\$1,619,552	\$2,429,989

\$2,747,841 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$234,851	(\$445,963)	(\$211,112)
2026	(747,262)	(703,821)	(1,451,083)
2027	736,937	1,361,980	2,098,917
2028	10,297	(133,978)	(123,681)
Total	\$234,823	\$78,218	\$313,041

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	<u>100.00%</u>	

Discount Rate

The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

Sensitivity of the 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 percent, 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 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$20,403,850	\$13,824,226	\$8,282,145

Changes Between the Measurement Date and the Report Date

Governor DeWine signed HB33 in July 2023 authorizing SERS to implement a Contribution Based Benefit Cap beginning August 1, 2024. Any effect on the net pension liability is unknown.

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on service	From 2.50% to 8.50% based on age
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. 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 are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected 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	<u>1.00%</u>	1.00%
Total	<u><u>100.00%</u></u>	

* Final target weights reflected October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, 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 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the 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 percent, 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 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$21,973,922	\$14,289,392	\$7,790,382

Changes Between the Measurement Date and the Reporting date

In March 2024, the STRS Board made the eligibility rule requiring 34 years of service for an unreduced retirement permanent, effective June 1, 2024. Eligibility for a reduced retirement benefit has been lowered from 30 to 29 years of service. The effect of these changes on the net pension liability is currently unknown.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members

who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the College's surcharge obligation was \$97,715.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS was \$97,715 for fiscal year 2024.

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 to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. 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. All benefit recipients 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 percent of covered payroll. For the fiscal

year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2023, 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. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$3,954,444	\$0	\$3,954,444
Proportionate Share of the Net OPEB (Asset)	0	(1,290,503)	(1,290,503)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.24003490%	0.06635446%	
Prior Measurement Date	<u>0.25167710%</u>	<u>0.06774650%</u>	
Change in Proportionate Share	-0.01164220%	-0.00139204%	
OPEB Expense	(\$452,385)	(\$95,360)	(\$547,745)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$8,237	\$2,012	\$10,249
Changes of assumptions	1,337,114	190,110	1,527,224
Net difference between projected and actual earnings on OPEB plan investments	30,648	2,303	32,951
Changes in employer proportionate share of net OPEB liability	511,116	8,112	519,228
Contributions subsequent to the measurement date	<u>97,715</u>	<u>0</u>	<u>97,715</u>
Total Deferred Outflows of Resources	<u>\$1,984,830</u>	<u>\$202,537</u>	<u>\$2,187,367</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$2,039,453	\$196,836	\$2,236,289
Changes of assumptions	1,123,100	851,455	1,974,555
Changes in employer proportionate share of net OPEB liability	341,648	11,788	353,436
Total Deferred Inflows of Resources	<u>\$3,504,201</u>	<u>\$1,060,079</u>	<u>\$4,564,280</u>

\$97,715 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$558,510)	(\$387,182)	(\$945,692)
2026	(483,552)	(173,597)	(657,149)
2027	(265,354)	(65,754)	(331,108)
2028	(145,974)	(88,896)	(234,870)
2029	(108,262)	(81,192)	(189,454)
Thereafter	(55,434)	(60,921)	(116,355)
Total	(\$1,617,086)	(\$857,542)	(\$2,474,628)

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense	7.00% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048	2044
Municipal Bond Index Rate:		
Measurement Date	3.86%	3.69%
Prior Measurement Date	3.69%	1.92%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.27%	4.08%
Prior Measurement Date	4.08%	2.27%
Health Care Cost Trend Rate	6.75% to 4.40%	7.00% to 4.40%

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Proportionate share of the net OPEB liability	\$5,054,910	\$3,954,444	\$3,086,681
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$2,905,193	\$3,954,444	\$5,344,842

Changes Between Measurement Date and Reporting Date

In September 2023, the SERS Board changed minimum compensation to \$30,000 from \$25,000 for purposes of the surcharge. Any effect on the net OPEB liability is unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 4.14% ultimate	7.50% initial, 3.94% ultimate
Medicare	-10.94% initial, 4.14% ultimate	-68.78% initial, 3.94% ultimate
Prescription Drug		
Pre-Medicare	-11.95% initial, 4.14% ultimate	9.00% initial, 3.94% ultimate
Medicare	1.33% initial, 4.14% ultimate	-5.47% initial, 3.94% ultimate

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. 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 are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected 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	<u>1.00%</u>	1.00%
Total	<u><u>100.00%</u></u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, 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 actual rate of return, without net value added by management.

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$1,092,242)	(\$1,290,503)	(\$1,463,167)
	1% Decrease (6.00%)	Current Trend Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$1,471,179)	(\$1,290,503)	(\$1,072,881)

Changes Between the Measurement Date and the Reporting date

In March, 2024, the STRS Board made changes to the eligibility for the maximum health care premium subsidy, going into effect initially with the January 2025 benefit. In May, 2024, the Board aligned the eligibility for the health care premium subsidy with the changes to pension eligibility made in March 2024. The effect on the net OPEB liability (asset) is unknown at this time.

NOTE 10 – GRANTS, CONTRACTS AND OTHER ASSISTANCE

Miscellaneous amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the management expects such amounts, if any, to be immaterial.

NOTE 11 – CONTINGENT LIABILITIES

Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will be immaterial.

Litigation

In the opinion of management, liabilities, if any, resulting from lawsuits and claims will not materially affect the financial position of the college.

NOTE 12 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees other than workers' compensation obtained through the state of Ohio, vehicle coverage, and natural disasters.

<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Property	\$ 1,000,000,000	\$ 25,000
Terrorism	200,000,000	25,000
General Liability	1,000,000	None
Limited Professional Liability	1,000,000	None
Automobile	1,000,000	\$0 Liab, \$500 PD
Educators Legal Liability	1,000,000	10,000
1 st Excess Liability	15,000,000 excess 1,000,000	None
1 st Excess Educators Legal Liability	15,000,000 excess 1,000,000	None
Crime	500,000	2,500

Settled claims have not exceeded this commercial coverage in any of the past three years. Insurance coverage was reviewed and changed for the 2023-2024 coverage year.

Employee Group Medical/Surgical, Dental, and Vision Insurance

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance program. Beginning July 1, 2020, the College changed from traditional insurance coverage to being a member of the Jefferson Health Plan Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the College's behalf. The claims liability of \$300,847 reported in Accounts Payable and accrued liabilities at June 30, 2024, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Financing Omnibus," which requires that a liability for unpaid claim costs, including estimates of costs related to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the

claims.

Changes in claims activity are as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2024	201,555	3,881,081	(3,781,789)	300,847

NOTE 13 – CLARK STATE COLLEGE FOUNDATION

Clark State College Foundation (“Foundation”) is a legally separate, tax-exempt component unit of Clark State College (“College”). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The assets of the Foundation have been given by donors/grantors independent from the College and are governed by a Board of Directors. The 23-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or number of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements.

The accompanying financial statements of the Foundation have been prepared in accordance with pronouncements of the Financial Accounting Standards Board. 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.

Revenues are reported as an increase in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Contributions are recognized as revenue in the period the unconditional promise or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Certain funding from non-government agencies is accounted for as donor restricted until either the required use, passage of time or receipt of funds occurs. Accordingly, such contributions are then released from restriction and recorded as net assets without donor restrictions. Contributions that were received as net assets with donor restrictions in a certain fiscal year whose restriction is fulfilled in the same fiscal year are directly reported as revenue without donor restrictions.

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at 1.00% to the present value of future cash flows, for the years ended June 30, 2024.

Unconditional promises are expected to be realized in the following periods:

	<u>2024</u>
One year or less	\$ 2,954
Between one and five years	<u>5,403</u>
	8,357
Discounts and allowances	<u>(634)</u>
Net pledges	<u>\$ 7,723</u>

Foundation investments are stated at fair value, with changes in market value being recognized as gains and losses during the period in which they occur. Fair value of investments held by the Foundation is summarized as follows:

The following summarizes investment composition at June 30:

	2024	
	<u>Fair Value</u>	<u>Cost Basis</u>
Bond funds	546,035	551,105
Money market accounts	1,275,254	1,275,254
Mutual fund - fixed	6,076,012	6,230,369
Mutual fund - sector	2,218,730	1,597,019
Corporate bonds	270,002	277,693
Common stock	-	-
ADR/foreign – bonds	24,828	25,000
Mutual fund – equity	19,591,257	17,322,225
Marketable CDs	<u>99,848</u>	<u>100,000</u>
 Total investments	 <u>30,101,966</u>	 <u>27,378,665</u>

During the year ended June 30, 2024, the Foundation distributed \$344,709 to the College for both restricted and unrestricted purposes. At June 30, 2024 the Foundation owed the College \$183,275.

Complete financial statements for the Foundation can be obtained from the Business Office at 570 East Leffel Lane, Springfield, Ohio 45505.

Assets and liabilities of the Foundation measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at June 30, 2024

	<u>Balance as of June 30, 2024</u>	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Foundation investments:				
Corporate and ADR bonds	940,713	940,713	940,713	940,713
Mutual funds:				
Equity	19,591,257	19,591,257	19,591,257	19,591,257
Fixed income	6,076,012	6,076,012	6,076,012	6,076,012
Sector	<u>2,218,730</u>	<u>2,218,730</u>	<u>2,218,730</u>	<u>2,218,730</u>
Total mutual funds	<u>27,885,999</u>	<u>27,885,999</u>	<u>27,885,999</u>	<u>27,885,999</u>
Money market accounts	<u>1,275,254</u>	<u>1,275,254</u>	<u>1,275,254</u>	<u>1,275,254</u>
Total investments	<u>\$ 30,101,966</u>	<u>\$ 30,101,966</u>	<u>\$ 30,101,966</u>	<u>\$ 30,101,966</u>

REQUIRED SUPPLEMENTARY INFORMATION

Clark State College

Required Supplementary Information

Schedule of College's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.248575%	12,580,239	7,223,082	174.17%
2016	0.252810%	14,425,567	7,613,979	189.46%
2017	0.247848%	18,140,166	8,117,207	223.48%
2018	0.237936%	14,216,170	7,911,800	179.68%
2019	0.236548%	13,547,553	7,866,326	172.22%
2020	0.237841%	14,230,469	8,159,474	174.40%
2021	0.234389%	15,503,011	8,221,936	188.56%
2022	0.246658%	9,100,946	8,513,986	106.89%
2023	0.265939%	14,384,071	10,183,586	141.25%
2024	0.2501889%	13,824,226	9,683,464	142.76%

Notes to Schedule:*Change in assumptions.*

2023-2024: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2024.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Changes of benefit and funding terms.

2023-2024: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

Clark State College

Required Supplementary Information

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Clark State College

Required Supplementary Information

Schedule of College's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Ten Fiscal Years (1)

	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.079736%	19,394,615	240.03%	74.70%
2016	0.079560%	21,988,021	267.86%	72.09%
2017	0.077993%	26,106,585	290.53%	66.78%
2018	0.075423%	17,916,971	217.44%	75.30%
2019	0.073883%	16,245,187	206.47%	77.30%
2020	0.073640%	16,284,940	190.43%	77.40%
2021	0.071282%	17,247,788	212.83%	75.48%
2022	0.069716%	8,913,887	104.78%	87.78%
2023	0.067746%	15,060,132	174.61%	78.88%
2024	0.066354%	14,289,392	163.62%	80.02%

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

Notes to Schedule:*Change in assumptions.*

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Change in benefit terms.

2019-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Clark State College

Required Supplementary Information

Schedule of College Pension Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

		Contributions in Relation to the			Contributions
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	as a Percentage of Covered Payroll
2015	1,127,765	(1,127,765)	-	7,613,979	14.81%
2016	1,136,409	(1,136,409)	-	8,117,207	14.00%
2017	1,107,652	(1,107,652)	-	7,911,800	14.00%
2018	1,061,954	(1,061,954)	-	7,866,326	13.50%
2019	1,101,529	(1,101,529)	-	8,159,474	13.50%
2020	1,151,071	(1,151,071)	-	8,221,936	14.00%
2021	1,191,958	(1,191,958)	-	8,513,986	14.00%
2022	1,425,702	(1,425,702)	-	10,183,586	14.00%
2023	1,355,685	(1,355,685)	-	9,683,464	14.00%
2024	1,438,386	(1,438,386)	-	10,274,186	14.00%

Clark State College

Required Supplementary Information
Schedule of College Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	Contributions in Relation to the			Contributions	
Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	as a Percentage of Covered Payroll	
2015	1,152,759	(1,152,759)	-	8,208,655	14.04%
2016	1,258,022	(1,258,022)	-	8,985,871	14.00%
2017	1,153,569	(1,153,569)	-	8,239,779	14.00%
2018	1,101,538	(1,101,538)	-	7,868,129	14.00%
2019	1,197,234	(1,197,234)	-	8,551,671	14.00%
2020	1,134,550	(1,134,550)	-	8,103,929	14.00%
2021	1,191,026	(1,191,026)	-	8,507,329	14.00%
2022	1,207,498	(1,207,498)	-	8,624,986	14.00%
2023	1,222,661	(1,222,661)	-	8,733,293	14.00%
2024	1,309,455	(1,309,455)	-	9,353,250	14.00%

Clark State College

Required Supplementary Information

Schedule of College's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

Last Eight Fiscal Years (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	Net Position as a Percentage of the Total OPEB Liability	Plan Fiduciary
2017	0.241441%	\$ 6,881,973	\$ 8,117,207	84.78%	11.49%	
2018	0.229139%	6,149,480	7,911,800	77.73%	12.46%	
2019	0.230016%	6,381,277	7,866,326	81.12%	13.57%	
2020	0.231463%	5,820,809	8,159,474	71.34%	15.57%	
2021	0.225699%	4,905,175	8,221,936	59.66%	18.17%	
2022	0.235131%	4,450,049	8,513,986	52.27%	24.08%	
2023	0.251677%	3,533,573	10,183,586	34.70%	30.34%	
2024	0.240035%	3,954,444	9,683,464	40.84%	30.02%	

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

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

Notes to Schedule:

Change in assumptions.

2024: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	4.08%
Measurement Date	4.27%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.69%
Measurement Date	3.86%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	4.08%
Measurement Date	4.27%
- (4) The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan increased from 10% to 20%.
- (5) The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
- (6) The morbidity factors were updated based on the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries.
- (7) An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.63%
Measurement Date	2.27%

Clark State College

Required Supplementary Information

(2) Investment Rate of Return:
Prior Measurement Date 7.50%
Measurement Date 7.00%

(3) Assumed Rate of Inflation:
Prior Measurement Date 3.00%
Measurement Date 2.40%

(4) Payroll Growth Assumption:
Prior Measurement Date 3.50%
Measurement Date 1.75%

(5) Assumed Real Wage Growth:
Prior Measurement Date 0.50%
Measurement Date 0.85%

(6) Municipal Bond Index Rate:
Prior Measurement Date 2.45%
Measurement Date 1.92%

(7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 2.63%
Measurement Date 2.27%

(8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.

(9) Rate of health care participation for future retirees and spouses was updated to reflect recent.

(10) Mortality among active members was updated to the following:
a. PUB-2010 General Amount Weighted Below Median Employee mortality table.

(11) Mortality among service retired members was updated to the following:
a. PUB-2010 General Employee Amount Weighted Below Median Healthy 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.

(12) Mortality among beneficiaries was updated to the following:
a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

(13) Mortality among disabled member was updated to the following:
a. 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.

(14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 3.22%
Measurement Date 2.63%

(2) Municipal Bond Index Rate:
Prior Measurement Date 3.13%
Measurement Date 2.45%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.22%
Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 3.70%
Measurement Date 3.22%

(2) Municipal Bond Index Rate:
Prior Measurement Date 3.62%
Measurement Date 3.13%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.70%
Measurement Date 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 3.63%
Measurement Date 3.70%

(2) Municipal Bond Index Rate:
Prior Measurement Date 3.56%
Measurement Date 3.62%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.63%
Measurement Date 3.70%

Clark State College**Required Supplementary Information**

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Change in benefit and funding terms.

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

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Clark State College

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Eight Fiscal Years (1) (2)

	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.077993%	\$ 4,171,082	\$ 8,985,871	46.42%	37.30%
2018	0.075423%	2,942,740	8,239,779	35.71%	47.11%
2019	0.073883%	(1,187,223)	7,868,129	(15.09%)	176.00%
2020	0.073640%	(1,219,648)	8,551,671	(14.26%)	174.70%
2021	0.071282%	(1,252,785)	8,103,929	(15.46%)	182.13%
2022	0.697165%	(1,469,916)	8,507,329	(17.28%)	174.73%
2023	0.067746%	(1,754,182)	8,624,986	(20.34%)	230.73%
2024	0.066354%	(1,290,503)	8,733,293	(14.78%)	168.52%

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

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

Notes to Schedule:

Change in assumption.

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: 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, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: 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 trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

Clark State College**Required Supplementary Information*****Change in benefit terms.***

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: 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. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. 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.

2020: There was no change to the claims costs process. Claim 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.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% 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.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Clark State College

Required Supplementary Information

Schedule of College's OPEB Contributions

School Employees Retirement System of Ohio

Last Nine Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 80,442	\$ (80,442)		\$ 8,117,207	0.99%
2017	67,938	(67,938)		7,911,800	0.86%
2018	121,355	(121,355)		7,866,326	1.54%
2019	124,536	(124,536)		8,159,474	1.53%
2020	62,097	(62,097)		8,221,936	0.76%
2021	62,376	(62,376)		8,513,986	0.73%
2022	60,796	(60,796)		10,183,586	0.60%
2023	81,543	(81,543)		9,683,464	0.84%
2024	97,715	(97,715)		10,274,186	0.95%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes Surcharge

Clark State College

Required Supplementary Information

Schedule of College OPEB Contributions

State Teachers Retirement System of Ohio

Last Nine Fiscal Years (1)

	Contractually Required Contributions (2)	Contractually Required Contributions	Contributions in Relation to the	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	-	-	-	-	\$ 8,985,871	0.00%
2017	-	-	-	-	8,239,779	0.00%
2018	-	-	-	-	7,868,129	0.00%
2019	-	-	-	-	8,551,671	0.00%
2020	-	-	-	-	8,103,929	0.00%
2021	-	-	-	-	8,507,329	0.00%
2022	-	-	-	-	8,624,986	0.00%
2023	-	-	-	-	8,733,293	0.00%
2024	-	-	-	-	9,353,250	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Clark State College
Clark County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Assistance Listing Number	Federal Expenditures
United States Department of Education			
<i>Direct</i>			
<i>Student Financial Assistance Cluster:</i>			
Federal Pell Grant Program	N/A	84.063	\$ 8,941,694
Federal Supplemental Educational Opportunity Grants	N/A	84.007	188,750
Federal Work-Study Program	N/A	84.033	128,837
Federal Direct Student Loans	N/A	84.268	9,575,491
<i>Total Student Financial Assistance Cluster</i>			<u>18,834,772</u>
<i>TRIO Cluster:</i>			
TRIO-Student Support Services	N/A	84.042	283,520
<i>Total TRIO Cluster</i>			<u>283,520</u>
<i>Passed through the Ohio Department of Education</i>			
Career and Technical Education - Basic Grants to States	V048A200035	84.048	197,206
Higher Education Institutional Aid	P031A200242	84.031A	350,822
Adult Education - Basic Grants to States	V002A200036	84.002	265,032
<i>Total United States Department of Education</i>			<u>19,931,352</u>
United States Department of Agriculture			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<i>SNAP Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	202222S251942	10.561	11,449
<i>Total SNAP Cluster</i>			<u>11,449</u>
<i>Passed through Northeast Community College</i>			
Soil and Water Conservation	NR203A750007C001-01-02	10.902	10,825
<i>Total United States Department of Agriculture</i>			<u>22,274</u>
United States Department of Defense			
<i>Passed through ARCTOS Technology Solutions, LLC</i>			
Air Force Defense Research Sciences Program	48440.01.00.0000.00.04-C1	12.800	55,812
Air Force Defense Research Sciences Program	FA865016D5524	12.800	1,497,581
<i>Total Air Force Defense Research Sciences Program</i>			<u>1,553,393</u>
<i>Total United States Department of Defense</i>			<u>1,553,393</u>
United States Department of Labor			
<i>Direct</i>			
H-1B Job Training Grants	N/A	17.268	521,110
<i>Total United States Department of Labor</i>			<u>521,110</u>
United States Department of Health and Human Services			
<i>Passed through the Clark County Department of Job and Family Services</i>			
Foster Care Title IV-E	2024-0491	93.658	266,437
<i>Total United States Department of Health and Human Services</i>			<u>266,437</u>
United States Department of Transportation			
<i>Direct</i>			
Commercial Motor Vehicle Operator Safety Training Grants	69A3602341170DTG00H	20.235	87,900
<i>Total United States Department of Transportation</i>			<u>87,900</u>
Total Expenditures of Federal Awards			<u>\$ 22,382,466</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

Clark State College
Clark County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

NOTE 1 - GENERAL

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

NOTE 2 – BASIS OF ACCOUNTING

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

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

NOTE 3 – FEDERAL WORK-STUDY AND FEDERAL SEOG WAIVER

For the year ended June 30, 2024, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-study and Federal Supplemental Educational Opportunity Grant programs.

NOTE 4 – LOAN PROGRAMS

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Clark State College
Springfield, 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, the financial statements of the business-type activities and discretely presented component unit of Clark State College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 11, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Clark State College
Springfield, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Clark State College (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 generally accepted auditing standards, *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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 11, 2024

CLARK STATE COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Student Financial Aid Cluster
Air Force Defense Research Sciences Program ALN 12.800

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

CLARK STATE COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

None noted.

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OHIO AUDITOR OF STATE KEITH FABER



CLARK STATE COLLEGE

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/7/2025

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