



SINCLAIR COMMUNITY COLLEGE MONTGOMERY COUNTY FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023



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Board of Trustees
Sinclair Community College
444 West Third Street, Room 7321
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of Sinclair Community College, Montgomery County, prepared by Plante & Moran, PLLC, 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. Sinclair Community College is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 09, 2025

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SINCLAIR COMMUNITY COLLEGE
MONTGOMERY COUNTY
DAYTON, OHIO

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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Independent Auditor's Report

To the Board of Trustees
Sinclair Community College

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Sinclair Community College (the "College") as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and of the discretely presented component unit of the College as of June 30, 2024 and 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Sinclair Community College

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the College's proportionate share of the net pension liability, the schedules of the College's pension contributions, the schedules of the College's proportionate share of the net OPEB liability (asset), and the schedules of the College's OPEB contributions 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, which 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for the purpose 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.

To the Board of Trustees
Sinclair Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Plante & Moran, PLLC

November 12, 2024

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

Introduction

This annual report consists of three main parts - the MD&A, the financial statements and a section containing reports on the audit of federal grants and contracts received by Sinclair Community College (the "College" or "Sinclair").

Management's discussion and analysis (MD&A) of the College's financial performance provides an overview of the College's financial activities for the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the College's financial statements, which begin on page 20.

Financial and Institutional Highlights

Sinclair Community College realized many important achievements as related to its mission and strategic priorities. Several of these are discussed below.

- Sinclair's financial health remains strong due to the prudent planning and vigilance of the Board of Trustees, administration and other college leaders. The College's fiscal health as measured by the Ohio Senate Bill 6 accountability scorecard was a score of 5.0 out of 5.0 for fiscal 2024.
- Sinclair expanded its offering of Pell scholarships in its prison education program, increasing the share of prison students receiving Pell from 48%, to 81% for fiscal 2024.
- In keeping with the goals of the comprehensive completion plan, the College continued to deliver strong student achievement, awarding over 8,400 credentials to roughly 5,900 individual students. During the process of delivering education, Sinclair continually seeks to expedite and lower the cost of students' progress toward their educational goals.
- As a result of continuous improvements in student course completions, credit accumulations and credential completions, the College received an increased share of performance-based state funding for a ninth consecutive year.
- Sinclair continued to enjoy success with the *College Credit Plus* program, a State of Ohio initiative to provide college credit courses to high school students. Approximately 10,000 students from over one hundred high schools were enrolled during fiscal 2024 representing a 10% increase from the prior year.
- Sinclair awarded seven baccalaureate degrees in fiscal 2024 as it continues to grow that fledgling branch of its programming.
- Sinclair continued to maintain and enhance its physical plant by investing over \$17 million to support lifecycle maintenance needs for buildings and equipment. Additionally, Sinclair initiated updates to the campus master plans for the Dayton and Mason (Courseview) campuses.
- Sinclair continued to demonstrate an exceptional level of commitment to teaching and learning in fiscal year 2024. Historically, Sinclair has devoted a significantly higher percentage of its resources to the instruction, academic, and student support functions than the average of Ohio's other public community colleges.
- Sinclair launched a comprehensive four-phase strategic planning effort in October 2023. The framework being used includes the following phases: *Listen and Learn, Plan Development, Implementation, and Strategic Management*. The first phase, *Listen and Learn*, was completed between October 2023 – January 2024. This phase focused on understanding Sinclair's current reality. Over 1,000 stakeholders were engaged during this phase; generating a college-wide SWOT, key trends/challenges, and themes. The second phase, *Plan Development*, was completed between February– August 2024. During this phase, the Board of Trustees adopted Sinclair's vision, mission, purpose, core values, and key strategy drivers for 2024 – 2027.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

- Sinclair's work with *Unlocking Opportunity*, being led by the Aspen Institute and Community College Research Center, launched seven work teams focused on increasing the number of graduates who are able to complete credentials leading to full-credit transfer or a living wage job, while closing equity gaps. The work teams are focused on:
 - Increasing experiential learning opportunities for students
 - Increasing the number of students completing credentials in living-wage programs
 - Increasing the number of students transferring after earning a credential
 - Increasing the number of students enrolling in bachelor's degrees
 - Increasing the number of students enrolling in non-credit workforce solutions programs aligned to in-demand jobs

Financial Management Philosophy and Accountability

Sinclair Community College utilizes a forward-thinking and systematic approach to managing financial resources that is guided by the following principles:

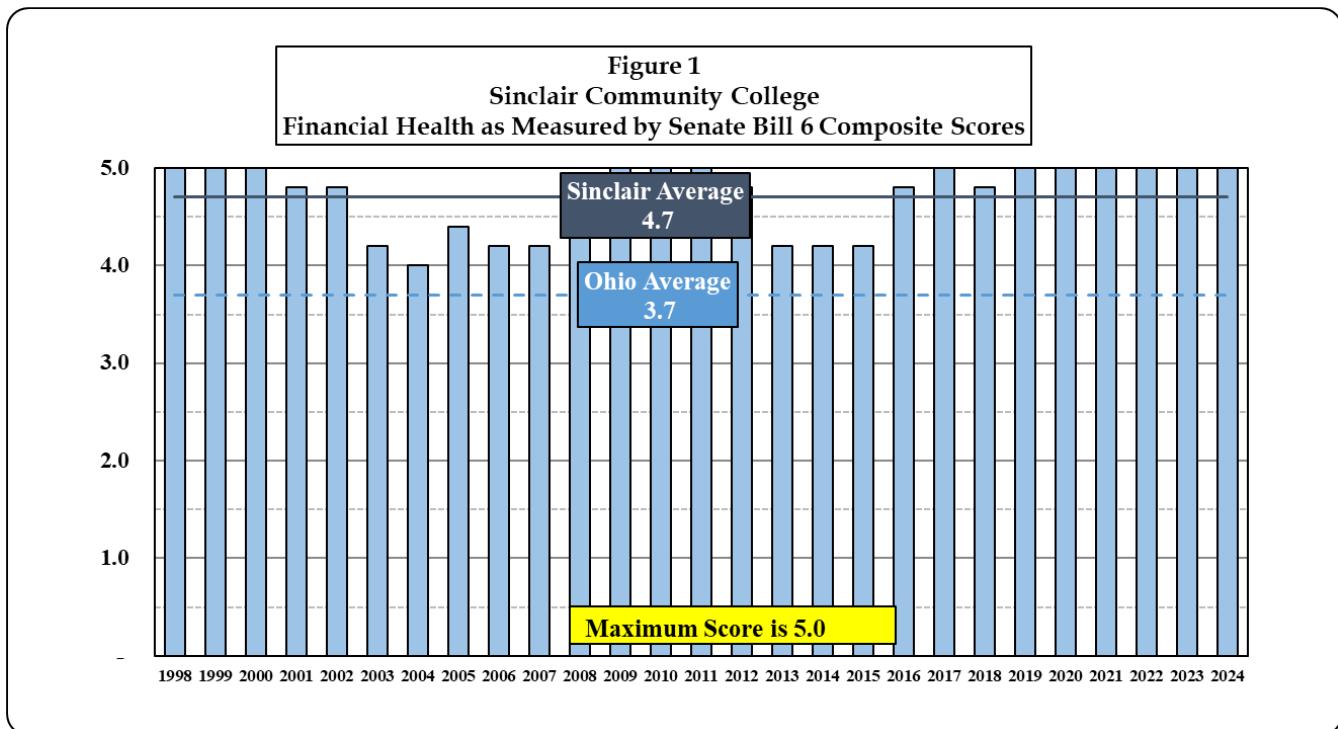
- **Use money as a tool to accomplish the mission:** Money is a tool used in fulfilling our service mission but is not an end in itself.
- **Employ results-oriented spending:** This is generally tied to an expectation of clear mission results.
- **Focus on long-term stability:** Use financial modeling and planning to help ensure the long-term sustainability and financial viability of the College.
- **Pay as you go:** Save money up front and place in allocated reserves for later use in major capital expenditures, thereby avoiding or minimizing the use of debt financing.
- **Save with a plan and purpose:** Maintain allocated reserves to provide flexibility in managing future opportunities and challenges.
- **Plan for margin:** Budget for a 3% to 5% positive margin on the annual operating budget (revenue to exceed expenses) to provide funding for facility maintenance, capital spending, and other needs.
- **Save and plan for emergencies:** Plan/budget for unforeseen emergencies and contingencies.

Inputs into the financial management and measurement process come from a variety of sources as shown in the diagram below:



SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

The State of Ohio computes a fiscal accountability measure each year for all public higher education institutions pursuant to Senate Bill 6 passed in 1997. Sinclair's annual scores are depicted in the Figure below. The College has averaged an overall score of 4.7 since inception and scored a 5.0 in fiscal 24.



Overview of the Financial Statements

The financial statements are presented in the format required by generally accepted accounting principles and accepted by the Ohio Department of Higher Education and the Ohio Department of Budget and Management for all state-assisted two- and four-year colleges and universities in Ohio. The statements are:

- Statements of net position
- Statements of revenues, expenses, and changes in net position
- Statements of cash flows

The statements are prepared on an accrual basis and present all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College, both financial and capital, and short and long term. They also present all revenues and expenses of the College during the year, regardless of when cash was received or paid.

Collectively, the statements provide a complete picture of the College's financial condition as of June 30, 2024, 2023, and 2022 and the results of its operations for the fiscal years then ended.

**SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023**

Governmental Accounting Standards Board (GASB) Statements No. 68 and 75

GASB 68, *Accounting and Financial Reporting for Pensions*, requires the College to report a share of the unfunded liabilities of Ohio's state retirement systems, in its statements of net position in 2024, 2023 and 2022, and its impact in 2024, 2023 and 2022 on the statements of revenues, expense and changes in net position. The amount of net pension liability reported on the statements of net position equals the College's proportionate share of the unfunded pension liabilities of the state systems that are associated with current, former, and retired College employees and their beneficiaries. **However, under Ohio law, there is no legal means to enforce the State systems' pension liabilities reported under GASB 68 against the College or any other Ohio public employer. Consequently, the reader should keep that in mind when reviewing the financial statements and considering Sinclair's real financial position and operational results.**

Effective July 1, 2017, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the College to report a share of the unfunded liabilities of the Ohio's state retirement systems, related to the other postemployment benefits (OPEB) other than pension, in its statements of net position in 2024, 2023 and 2022 and its impact in 2024, 2023 and 2022 on the statements of revenues, expenses and changes in net position. The amount of the OPEB asset reported on the statements of net position equals the College's proportionate share of the unfunded OPEB liabilities of the state systems that are associated with the current, former and retired College employees and their beneficiaries. **However, under Ohio law, there is no legal means to enforce the State systems' OPEB liabilities reported under GASB 75 against the College or any other Ohio public employer. Consequently, the reader should keep that in mind when reviewing the financial statements and considering Sinclair's real financial position and operational results.**

Net Position

Table 1 below is a condensed version of the balance sheet and net position. The components of net position that relate to the results of College operations, exclusive of the pension and OPEB accounting, are shown in Table 1A. A discussion of the underlying factors impacting the change in net position is provided below.

The College's total net position can be viewed as being comprised of six components: 1) capital assets, 2) externally restricted net position, 3) restricted related to OPEB asset 4) unrestricted net position resulting from College operations, 5) unrestricted net position related to pension activity, and 6) unrestricted net position related to OPEB activity. In the discussion that follows, it will be helpful to keep in mind that two major types of transactions do not change the value of total net position. These are:

- A transfer of net position from one net position category to another.
- Capital asset acquisitions, for which payment reduces either unrestricted or restricted net position, while increasing capital assets by the same amount.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	June 30,		
	2024	2023	2022
Assets:			
Current assets	\$ 57,596,530	\$ 58,150,206	\$ 71,809,878
Investments	181,541,814	167,229,415	150,687,868
Capital assets, net	210,430,496	206,487,317	199,033,532
Lease right of use assets, net	3,237,336	4,621,548	4,315,320
Subscription assets, net	4,414,335	3,604,057	3,557,186
Net other postemployment benefit asset *	<u>8,291,616</u>	<u>8,136,000</u>	<u>15,013,501</u>
Total assets	465,512,127	448,228,543	444,417,285
Deferred outflows of resources:			
Pension activity *	32,847,957	46,883,064	26,789,328
Other postemployment benefit activity *	3,071,754	5,770,937	1,304,334
Total deferred outflows	<u>35,919,711</u>	<u>52,654,001</u>	<u>28,093,662</u>
Total assets and deferred outflows	<u>501,431,838</u>	<u>500,882,544</u>	<u>472,510,947</u>
Liabilities:			
Current liabilities	26,756,049	23,465,893	26,034,687
Long-term liabilities	11,547,972	11,782,594	11,706,803
Net pension liability *	130,081,458	143,809,035	60,168,696
Net other postemployment benefit liability *	-	1,687,055	-
Total liabilities	168,385,479	180,744,577	97,910,186
Deferred inflows of resources:			
Property tax levy	39,520,292	38,889,541	38,219,667
Pension activity *	8,423,769	10,436,961	67,946,262
Other postemployment benefit activity *	6,194,527	7,598,052	15,788,579
Total deferred inflows	<u>54,138,588</u>	<u>56,924,554</u>	<u>121,954,508</u>
Total liabilities and deferred inflows	222,524,067	237,669,131	219,864,694
Net position:			
Investment in capital assets	210,133,082	206,952,294	199,029,299
Restricted - expendable, grants and contracts	3,628,283	2,244,228	1,858,555
Restricted - expendable, pension & other postemployment benefit *	8,291,616	8,136,000	15,013,501
Unrestricted - operations	165,634,833	156,757,993	152,554,773
Unrestricted - pension activity *	(105,657,269)	(107,362,931)	(101,325,630)
Unrestricted - other postemployment benefit activity *	(3,122,774)	(3,514,171)	(14,484,245)
Total net position	<u>278,907,771</u>	<u>263,213,413</u>	<u>252,646,253</u>
Total liabilities, deferred inflows and net position	<u>\$ 501,431,838</u>	<u>\$ 500,882,544</u>	<u>\$ 472,510,947</u>

* Line item related to pension or OPEB accounting

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

TABLE 1A
CONDENSED STATEMENTS OF NET POSITION
EXCLUDING PENSION AND OPEB ACCOUNTING

	June 30,		
	2024	2023	2022
Assets:			
Current assets	\$ 57,596,530	\$ 58,150,206	\$ 71,809,878
Investments	181,541,814	167,229,415	150,687,868
Capital assets, net	210,430,496	206,487,317	199,033,532
Lease right of use assets, net	3,237,336	4,621,548	4,315,320
Subscription assets, net	4,414,335	3,604,057	3,557,186
Total assets	\$ 457,220,511	\$ 440,092,543	\$ 429,403,784
Liabilities:			
Current liabilities	26,756,049	23,465,893	26,034,687
Long-term liabilities	11,547,972	11,782,594	11,706,803
Total liabilities	38,304,021	35,248,487	37,741,490
Deferred inflows of resources:			
Property tax levy	39,520,292	38,889,541	38,219,667
Total deferred inflows	39,520,292	38,889,541	38,219,667
Total liabilities and deferred inflows	77,824,313	74,138,028	75,961,157
Net position:			
Investment in capital assets	210,133,082	206,952,294	199,029,299
Restricted - expendable, grants and contracts	3,628,283	2,244,228	1,858,555
Unrestricted - operations	165,634,833	156,757,993	152,554,773
Total net position	379,396,198	365,954,515	353,442,627
Total liabilities, deferred inflows and net position	\$ 457,220,511	\$ 440,092,543	\$ 429,403,784

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

Fiscal 2024

Total net position at June 30, 2024 was \$278.9 million (Table 1). Liabilities of \$38.3 million, exclusive of the net pension and OPEB liabilities, were only 8.4% of total assets of \$457.2 million, exclusive of the OPEB asset, primarily due to the fact that the College has purposely avoided long-term debt by strategically using various funding sources, including state capital appropriations, to manage growth and maintain a low level of deferred infrastructure maintenance. The College reported OPEB asset of \$8.3 million and net pension and OPEB liabilities of \$130.1 million, pension and OPEB deferred outflows of resources of \$35.9 million, and pension and OPEB deferred inflows of resources of \$14.6 million. A fuller discussion of pension reporting can be found in Notes A and H of this report. Deferred inflows of resources also include future property tax levy receipts of \$39.5 million - see Notes A and F for a discussion.

Net position exclusive of pension and OPEB activity (Table 1A) improved by \$13.4 million (from \$366 million to \$379.4 million) in fiscal 2024. The increase had these components:

- A net increase from operations of \$10.1 million after depreciation and lease amortization expenses of \$16.1 million, but exclusive of the change in the fair value of investments.
- An increase in the fair value of investments of \$3.3 million; that is, the net unrealized loss in the investment portfolio improved from \$3.3 million at June 30, 2023 to a loss of fifty-seven thousand at June 30, 2024.

Also, in fiscal 2024, capital asset acquisitions consumed approximately \$17.0 million of unrestricted and restricted net position and added a corresponding amount to capital assets.

Fiscal 2023

Total net position at June 30, 2023 was \$263.2 million (Table 1). Liabilities of \$35.2 million, exclusive of the net pension and OPEB liabilities, were only 8.0% of total assets of \$440.1 million, exclusive of the OPEB asset, primarily due to the fact that the College has purposely avoided long-term debt by strategically using various funding sources, including state capital appropriations, to manage growth and maintain a low level of deferred infrastructure maintenance. The College reported OPEB asset of \$8.1 million and net pension and OPEB liabilities of \$145.5 million, pension and OPEB deferred outflows of resources of \$52.7 million, and pension and OPEB deferred inflows of resources of \$18.0 million. A fuller discussion of pension reporting can be found in Notes A and H of this report. Deferred inflows of resources also include future property tax levy receipts of \$38.9 million - see Notes A and F for a discussion.

Net position exclusive of pension and OPEB activity (Table 1A) improved by \$12.6 million (from \$353.4 million to \$366.0 million) in fiscal 2023. The increase had these components:

- A net increase from operations of \$12.3 million after depreciation and lease amortization expenses of \$14.2 million, but exclusive of the change in the fair value of investments.
- An increase in the fair value of investments of \$0.3 million; that is, the net unrealized loss in the investment portfolio improved from \$3.6 million at June 30, 2022 to a loss of \$3.3 million at June 30, 2023.

Also, in fiscal 2023, capital asset acquisitions consumed approximately \$20.0 million of unrestricted and restricted net position and added a corresponding amount to capital assets.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position (SRECPN) shown in Table 2 present the College's operating results for fiscal years 2024, 2023, and 2022. Table 2A presents a summary of the statements excluding the impact of pension and OPEB accounting. The following narrative provides an overview of the key elements in the SRECPN.

Revenues (Operating, Nonoperating)

- Operating revenue of the College is defined as payments received for goods and services provided, and is composed mainly of tuition and fees, federal and state grants, and income from auxiliary operations. (*Note: In accordance with the required reporting display, gross tuition and fees on the condensed SRECPN are reduced by grants and scholarships used to help pay those charges, resulting in net tuition revenue.*)
 - In fiscal 2024, operating revenue increased compared to the prior year. This was driven by tuition and fees and state/local grants and contracts. Tuition increased \$4.7 million while state/local grants increased \$3.2 million. All other operating revenues combined decreased \$2.0 million relative to fiscal year 2023.
 - In fiscal 2023, operating revenue remained consistent compared to the prior year. This was driven by tuition and fees and federal grants and contracts. Tuition decreased \$2.4 million while federal grants increased \$1.7 million. All other operating revenues combined increased \$0.7 million relative to fiscal year 2022.
- Nonoperating revenue includes state appropriations, county property tax levy receipts, certain government grants, investment income, and state capital grants.
 - In fiscal 2024, nonoperating revenue increased \$6.8 million or 5.1% versus the previous year due to the following:
 - State appropriations increased \$1.0 million or 1.7% as the College continued to achieve better than average results in the state's performance-based funding formula.
 - Federal student aid grant programs increased \$3.3 million or 15.1% largely due to the College seeing increased Pell funding for the prison program.
 - Investment income increased \$2.2 million or 46% over the prior year while the net change in fair value of investments increased by \$3.0 million over the prior year. The net change in fair value amounts mainly reflect changes in the net unrealized gains/losses associated with investments held by the College. At June 30, 2024, the portfolio included fifty-seven thousand in net unrealized losses.
 - In fiscal 2023, nonoperating revenue decreased \$11.2 million or 7.8% versus the previous year due to the following:
 - State appropriations increased \$1.0 million or 1.6% as the College continued to achieve better than average results in the state's performance-based funding formula.
 - As related to the COVID-19 federal economic recovery response, all remaining eligible HEERF and CRF grant revenues were recognized in fiscal year 2022 resulting in no revenues in fiscal year 2023.
 - The net change in fair value of investments increased by \$11.8 million over the prior year. These amounts mainly reflect changes in the net unrealized gains/losses associated with investments held by the College. At June 30, 2023, the portfolio included \$3.3 million in net unrealized losses.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

TABLE 2
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year ended June 30,		
	2024	2023	2022
Operating revenues:			
Student tuition and fees, net of grants and scholarships	\$ 34,757,459	\$ 30,073,299	\$ 32,461,241
Federal grants and contracts	7,776,181	7,973,535	6,223,760
State and local grants and contracts	4,481,338	1,265,355	1,594,746
Nongovernmental grants and contracts	3,192,147	3,153,563	3,130,449
Sales and services of educational departments	2,120,474	1,873,780	1,221,389
Auxiliary enterprises, net of grants and scholarships	2,604,951	2,597,199	2,616,107
Other	2,879,504	4,996,632	4,699,420
Total operating revenues	<u>57,812,054</u>	<u>51,933,363</u>	<u>51,947,112</u>
Operating expenses:			
Instruction	76,645,321	75,397,198	63,642,500
Public service	2,939,700	2,748,840	2,577,422
Academic support	15,376,963	14,537,875	10,485,365
Student services	21,399,620	21,365,753	14,952,984
Institutional support	21,735,406	21,508,999	13,696,239
Plant operations and maintenance	16,228,439	15,011,434	13,959,167
Depreciation & Amortization	16,114,625	14,152,056	14,682,022
Student aid	8,242,398	6,160,286	23,908,820
Auxiliary enterprises	3,533,139	3,732,920	3,623,793
Total operating expenses	<u>182,215,611</u>	<u>174,615,361</u>	<u>161,528,312</u>
Nonoperating and other revenues (expenses):			
State appropriations	57,401,606	56,431,185	55,460,266
County tax levy	39,539,321	39,435,782	39,113,342
HEERF and CRF grant revenues	-	-	33,304,976
Federal student aid grant programs	25,080,592	21,785,722	18,384,424
State student aid grant programs	954,286	1,683,829	2,227,254
Investment income	7,134,075	4,886,334	3,236,904
Net change in the fair value of investments	3,326,764	280,803	(11,566,156)
Capital grants	6,661,271	8,745,503	4,305,245
Total nonoperating and other revenues	<u>140,097,915</u>	<u>133,249,158</u>	<u>144,466,255</u>
Change in net position			
Beginning of year	15,694,358	10,567,160	34,885,055
Net position:			
Beginning of year	<u>263,213,413</u>	<u>252,646,253</u>	<u>217,761,198</u>
End of year	<u>\$ 278,907,771</u>	<u>\$ 263,213,413</u>	<u>\$ 252,646,253</u>

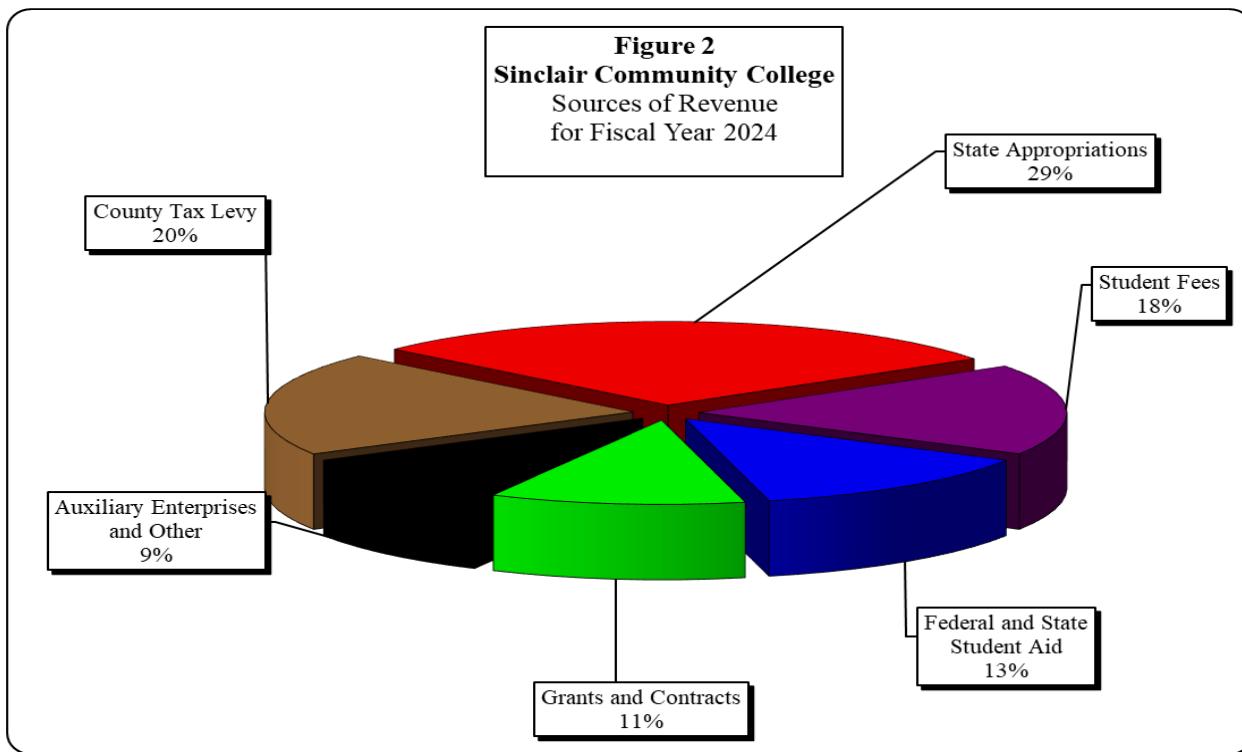
SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

TABLE 2A
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
EXCLUDING PENSION AND OPEB ACCOUNTING

	Year ended June 30,		
	2024	2023	2022
Operating revenues:			
Student tuition and fees, net of grants and scholarships	\$ 34,757,459	\$ 30,073,299	\$ 32,461,241
Federal grants and contracts	7,776,181	7,973,535	6,223,760
State and local grants and contracts	4,481,338	1,265,355	1,594,746
Nongovernmental grants and contracts	3,192,147	3,153,563	3,130,449
Sales and services of educational departments	2,120,474	1,873,780	1,221,389
Auxiliary enterprises, net of grants and scholarships	2,604,951	2,597,199	2,616,107
Other	2,879,504	4,996,632	4,699,420
Total operating revenues	57,812,054	51,933,363	51,947,112
Operating expenses:			
Instruction	79,485,122	75,531,279	75,405,815
Public service	2,940,076	2,747,982	2,624,096
Academic support	15,252,427	14,143,061	12,775,044
Student services	21,196,178	20,706,069	18,754,007
Institutional support	21,516,821	20,617,957	19,300,847
Plant operations and maintenance	16,187,500	14,879,023	14,763,207
Depreciation & Amortization	16,114,625	14,152,056	14,682,022
Student aid	8,242,398	6,160,286	23,908,820
Auxiliary enterprises	3,533,139	3,732,920	3,623,793
Total operating expenses	184,468,286	172,670,633	185,837,651
Nonoperating and other revenues (expenses):			
State appropriations	57,401,606	56,431,185	55,460,266
County tax levy	39,539,321	39,435,782	39,113,342
HEERF and CRF grant revenues	-	-	33,304,976
Federal student aid grant programs	25,080,592	21,785,722	18,384,424
State student aid grant programs	954,286	1,683,829	2,227,254
Investment income	7,134,075	4,886,334	3,236,904
Net change in the fair value of investments	3,326,764	280,803	(11,566,156)
Capital grants	6,661,271	8,745,503	4,305,245
Total nonoperating and other revenues	140,097,915	133,249,158	144,466,255
Change in net position			
	13,441,683	12,511,888	10,575,716
Net position:			
Beginning of year	365,954,515	353,442,627	342,866,911
End of year	<u>\$ 379,396,198</u>	<u>\$ 365,954,515</u>	<u>\$ 353,442,627</u>

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

Figure 2 below presents the composition of Sinclair's revenue streams.



Operating Expenses

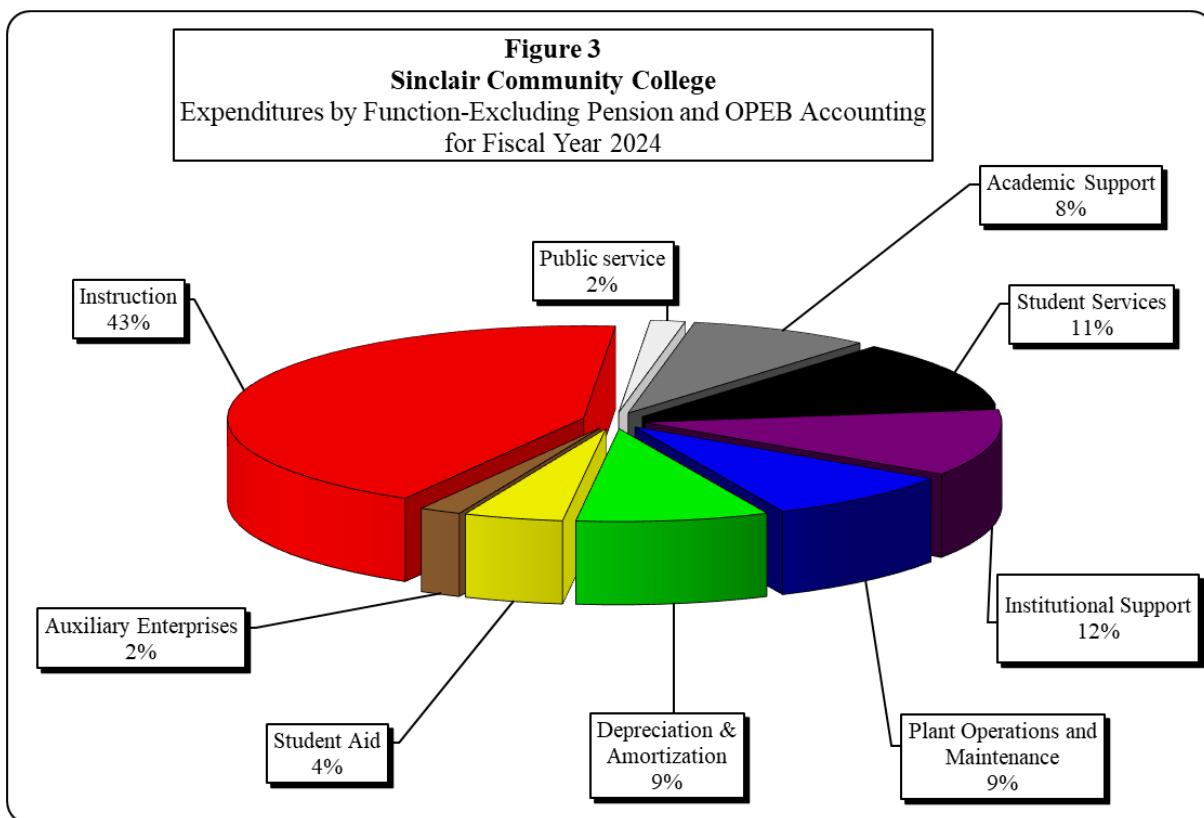
- Operating expenses are those expenditures related to the College's educational programs and services. **Note that pension and OPEB accounting related expense impacts are included in operating expenses (\$2.2 million decrease in 2024 and \$1.9 million increase in 2023).**
 - Total operating expenses increased by \$7.6 million or 4.4% in 2024 in spite to the aforementioned net impacts of pension and OPEB accounting changes. The net impact of pension and OPEB accounting changes was a decrease in expense of \$2.2 million in 2024 compared to a increase in expense of \$1.9 million in 2023. Exclusive of the pension and OPEB expenses, operating expenses in 2024 increased by \$11.8 million largely due an increase to instruction expenses of \$4.0 million. Student aid and depreciation each increased by approximately \$2.0 million while academic support and plant operations and maintenance increased by over \$1.0 million each as well. The remaining functional operating expenses were comparable to prior year.

The College continues to be proactive in controlling costs through efficiency and restructuring initiatives while investing new resources for supporting student access and success, even during a pandemic.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

- Total operating expenses increased by \$13.1 million or 8.1% in 2023 due to the aforementioned net impacts of pension and OPEB accounting changes. The net impact of pension and OPEB accounting changes was an increase in expense of \$1.9 million in 2023 compared to a decrease in expense of \$24.3 million in 2022. Exclusive of the pension and OPEB expenses, operating expenses in 2023 decreased by \$13.1 million due to decreases in student aid of \$17.7 million, primarily associated with the end of COVID-19 and HEERF spending in 2022, and an increase to student services of \$2.0 million. All other functional operating expenses were comparable to prior year.

Figure 3 breaks out Sinclair's total operating expenses by functional category excluding the impacts of pension and OPEB accounting.



SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

Cash Flows

The statements of cash flows present information related to the cash inflows and outflows that result from the operating, noncapital and capital financing, and investing activities of the College. In each of the years shown in Table 3, the major cash inflows were from student tuition and fees, grants and contracts, auxiliary enterprise charges, state appropriations, county tax levy receipts, federal Pell Grant and Direct Loan Program receipts, and investment maturities. The major cash outflows were payments to employees and vendors, payments of Pell Grant and Direct Loan funds to students, and the purchase of capital assets and new investments.

TABLE 3
CONDENSED STATEMENT OF CASH FLOWS

	Years Ended June 30,		
	2024	2023	2022
Cash (used in) provided by:			
Operating activities	\$(105,537,077)	\$ (104,084,915)	\$ (122,065,667)
Non-capital financing activities	123,358,348	112,589,977	148,522,210
Capital and related financing activities	(16,495,728)	(11,955,964)	(15,689,043)
Investing activities	(94,486)	(6,798,345)	(7,345,558)
Net (decrease) increase in cash and cash equivalents	1,231,057	(10,249,247)	3,421,942
Cash and cash equivalents, beginning of year	6,115,449	16,364,696	12,942,754
Cash and cash equivalents, end of year	\$ 7,346,506	\$ 6,115,449	\$ 16,364,696

Capital Assets

Highlights of the College's capital program in Table 4 below, include the following:

- Building improvement projects on the Dayton campus in 2024 included HVAC upgrades, restoration of the utility tunnel, plumbing replacements, classroom/eLearn studio upgrades, auditorium upgrades at the Centerville campus and other projects.
- Additions to equipment inventory in 2024 and 2023 included replacement of information technology systems and various equipment for several academic programs.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

TABLE 4
CAPITAL ASSETS
(net of depreciation)

	2024	2023	2022
Land and improvements	20,350,877	19,972,000	19,850,832
Buildings and improvements	153,205,152	155,033,957	158,930,417
Equipment and fixtures	11,899,370	11,875,226	10,812,636
Library materials	220,200	216,626	215,096
Construction in Progress	<u>24,754,897</u>	<u>19,389,508</u>	<u>9,224,551</u>
 Total capital assets	 <u>210,430,496</u>	 <u>206,487,317</u>	 <u>199,033,532</u>

Factors Impacting Future Periods

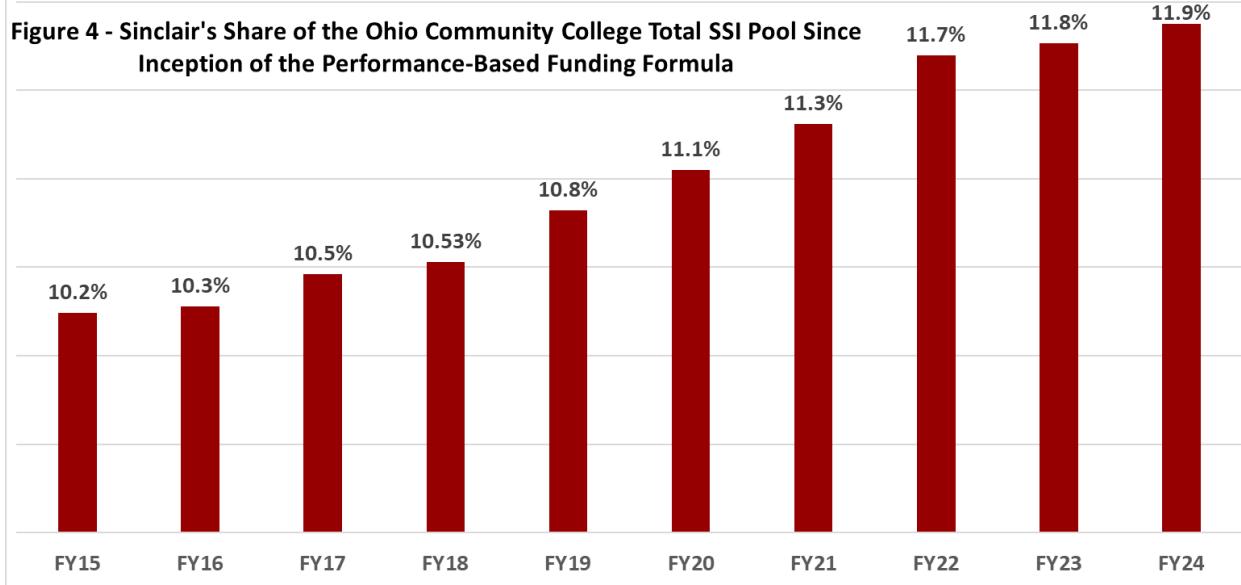
Enrollment Pressures: Demographers have been predicting declines in graduating classes based on past birth rates to start affecting college admissions in Ohio, and Sinclair is now entering the period of expected decline, although the college has realized some modest recovery in FY 2024 and expects a similar result in FY 2025. Additionally, the tightening of the labor market and the concomitant increase in wages has exerted downward pressure on college enrollments, particularly in the two-year sector. These factors taken and the lingering effects of COVID on Sinclair's traditional enrollment segment make attracting and retaining students a key focus for Sinclair's future success.

Competitive Pressures: Given the enrollment pressures that Sinclair and its peers are facing, any avenue of enrollment growth and maintenance that Sinclair pursues will likely be hotly contested. Sinclair has targeted growth and improved margins in their prison enrollments given the recently available Pell scholarship funding for prison students. While Sinclair got a year head start on their in-state peers by participating in a pilot program, this funding source became available to all Ohio higher education institutions starting in fiscal 2024, so additional competition for prison students is expected.

The rise of online education opportunities was accelerated by the COVID pandemic and provided an opportunity for Sinclair to reach out to additional students that they may not have been an option for previously. While this is a positive development, it also allows institutions from throughout the country to theoretically compete with Sinclair in ways that they could not when online schooling was less ubiquitous. Sinclair will need to seek growth in this area while also working to protect against the new threat it presents.

Political Climate: The State of Ohio is in the second year of its two-year budget which provided increases in higher education State Share of Instruction (SSI) funding of approximately 1.5% each for fiscal years 2024 and 2025. While Sinclair has performed well relative to its peers on share of SSI, the slowing of SSI growth presents a challenge to the college and will need to be monitored.

**SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023**



Montgomery County Levy: The two levies of the College are used entirely for expenditures benefiting students who reside in Montgomery County. This support manifests in the form of tuition subsidy and support for services at the Dayton campus. Levy A (3.2 mills, 10 years) was renewed in November of 2017 and is complemented by Levy B (1.0 mill, 10 years targeted to support growth in high demand programs such as health sciences), which was renewed on November 8, 2022. Combined, these levies are expected to account for approximately \$39 million in annual revenue going forward. So far, property values and collections have held steady in spite of the COVID-19 pandemic.

Student Enrollments and Tuition & Fee Revenue: For the five years prior to the onset of the COVID-19 pandemic, Sinclair's enrollment, as measured by full-time equivalent (FTE) students, held remarkably steady. Over the course of fiscal year 2021 and 2022, the college realized declines in enrollment as students balanced their own responses to the pandemic with their educational endeavors. Sinclair has seen enrollment start to recover starting for fiscal 2024 as barriers related to the pandemic fall and more students pursue Sinclair programs in high demand areas such as health sciences and advanced manufacturing and technology.

Workforce Development and Related Activities: Sinclair is a leader in Unmanned Aerial Systems (UAS), forging important partnerships with various national and regional organizations. In addition, Sinclair partnered with Amazon Web Services to launch the first Fiber Optic Fusion Splicing training course. In partnership with Montgomery County, Sinclair continues to offer IT Fundamentals program at the new Westown Center location. Conference Center activities continue to recover post-pandemic.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

Facilities Campus Master Plan: As noted earlier herein, Sinclair adopts a thoughtful, proactive approach to the maintenance of its facilities and equipment, as evidenced by its \$21.5 million capital budget for fiscal year 2025, the bulk of which is earmarked to replace equipment and building systems at the end of their useful lives. During FY 2025, master plans for both the Dayton and Mason campuses will be updated to position these assets for their highest and best use going forward.

Sinclair's Strategic Planning: During the fall of 2023, the College undertook a comprehensive strategic planning process, engaging with over 1,000 stakeholders, including participants from the Sinclair College and Foundation Board of Trustees, community leaders, elected officials, faculty, staff and students. This process resulted in the Sinclair Board of Trustee's adoption of a new vision statement, purpose statement, values, and strategy drivers. The next phase of the process will be focused on implementation. This phase will be conducted from Fall 2024 to January 2025 to develop a 3-year strategic plan framework, prioritize future strategic initiatives, and adapting the college KPI's.

Efficiency and Accountability: Sinclair has a history of being efficient, affordable, and accountable. In fact, the College has realized over \$64 million in cumulative savings, efficiencies, and cost avoidance during the past ten years. As an example, Sinclair's utility costs are about 27% lower than ten years ago (about \$900 thousand less) due to energy conservation measures. Sinclair will continue to drive efficiencies and cost savings to ensure that financial resources remain healthy and the college remains on a sustainable path.

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
Years Ended June 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 7,346,506	\$ 6,115,449
Accounts receivable, net	7,785,507	9,927,882
Prepaid expenses	2,041,808	2,456,543
Interest receivable	725,231	620,723
Property tax levy receivable	39,520,292	38,889,541
Inventories	177,186	140,068
Total current assets	<u>57,596,530</u>	<u>58,150,206</u>
Noncurrent assets:		
Investments	181,541,814	167,229,415
Investment in capital assets	210,430,496	206,487,317
Lease right of use assets	3,237,336	4,621,548
Subscription assets	4,414,335	3,604,057
Net other postemployment benefit asset	8,291,616	8,136,000
Total noncurrent assets	<u>407,915,597</u>	<u>390,078,337</u>
Total assets	465,512,127	448,228,543
Deferred outflows of resources:		
Pension activity	32,847,957	46,883,064
Other postemployment benefits activity	3,071,754	5,770,937
Total deferred outflows of resources	<u>35,919,711</u>	<u>52,654,001</u>
Total assets and deferred outflows of resources	<u>\$ 501,431,838</u>	<u>\$ 500,882,544</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable and accruals	\$ 4,470,202	\$ 3,684,879
Accrued salaries, wages and benefits	14,927,049	12,815,538
Unearned student fee income	4,368,256	4,378,494
Lease Liability	452,643	463,068
Subscription Liability	1,751,574	1,247,139
Deposits	786,325	876,775
Total current liabilities	<u>26,756,049</u>	<u>23,465,893</u>
Noncurrent liabilities:		
Compensated absences	5,803,104	5,732,173
Lease Liability	2,540,349	3,641,412
Subscription Liability	3,204,519	2,409,009
Net pension liability	130,081,458	143,809,035
Net other postemployment benefit liability	-	1,687,055
Total liabilities	<u>168,385,479</u>	<u>180,744,577</u>
Deferred inflows of resources:		
Property tax levy	39,520,292	38,889,541
Pension activity	8,423,769	10,436,961
Other postemployment benefit activity	6,194,527	7,598,052
Total deferred inflows of resources	<u>54,138,588</u>	<u>56,924,554</u>
Net position:		
Investment in capital assets	210,133,082	206,952,294
Restricted – Expendable, grants and contracts	3,628,283	2,244,228
Restricted – Expendable, pension and other postemployment benefit	8,291,616	8,136,000
Unrestricted	56,854,790	45,880,891
Total net position	<u>278,907,771</u>	<u>263,213,413</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 501,431,838</u>	<u>\$ 500,882,544</u>

**SINCLAIR COMMUNITY COLLEGE FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Years Ended June 30, 2024 and 2023**

	2024	2023
Assets		
Cash and cash equivalents	\$ 261,108	\$ 244,170
Pledges Receivable - Net	102,410	-
Investments:		
Fixed income security funds	7,142,215	5,129,857
Equity funds	33,483,982	31,727,927
Limited partnerships	30,964	72,905
Total investments	<u>40,657,161</u>	<u>36,930,689</u>
Cash surrender value of life insurance	282,798	286,078
Property and equipment - Net	<u>4,982,193</u>	<u>5,017,504</u>
Total assets	<u><u>\$ 46,285,670</u></u>	<u><u>\$ 42,478,441</u></u>
Liabilities and Net Assets		
Liabilities		
Payable to Sinclair Community College	\$ 464,812	\$ 380,205
Other payables	75,664	77,164
Total liabilities	<u>540,476</u>	<u>457,369</u>
Net Assets		
Without donor restrictions	30,311,665	28,321,622
With donor restrictions	<u>15,433,529</u>	<u>13,699,450</u>
Total net assets	<u>45,745,194</u>	<u>42,021,072</u>
Total liabilities and net assets	<u><u>\$ 46,285,670</u></u>	<u><u>\$ 42,478,441</u></u>

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Operating revenues:		
Student tuition and fees	\$ 55,825,707	\$ 52,204,237
Less grants and scholarships	<u>(21,068,248)</u>	<u>(22,130,938)</u>
Student tuition and fees, net of grants and scholarships	34,757,459	30,073,299
Federal grants and contracts	7,776,181	7,973,535
State and local grants and contracts	4,481,338	1,265,355
Nongovernmental grants and contracts	3,192,147	3,153,563
Sales and services of educational departments	2,120,474	1,873,780
Auxiliary enterprises:		
Food service	345,609	303,614
Campus Store (net of grants and scholarships of \$1,694,654 and \$1,357,694 in 2024 and 2023 respectively)	<u>(454,072)</u>	<u>(348,107)</u>
Parking	2,713,414	2,641,692
Other operating revenues	<u>2,879,504</u>	<u>4,996,632</u>
Total operating revenues	<u>57,812,054</u>	<u>51,933,363</u>

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2024 and 2023

	2024	2023
Expenses		
Operating expenses:		
Educational and general:		
Instruction	\$ 76,645,321	\$ 75,397,198
Public service	2,939,700	2,748,840
Academic support	15,376,963	14,537,875
Student services	21,399,620	21,365,753
Institutional support	21,735,406	21,508,999
Plant operations and maintenance	16,228,439	15,011,434
Depreciation and amortization	16,114,625	14,152,056
Student aid	8,242,398	6,160,286
Auxiliary enterprises:		
Food service	330,085	263,798
Bookstore	1,389,078	1,267,524
Parking	1,813,976	2,201,598
Total operating expenses	<u>182,215,611</u>	<u>174,615,361</u>
Operating Loss	(124,403,557)	(122,681,998)
Nonoperating Revenues:		
State appropriations	57,401,606	56,431,185
County tax levy	39,539,321	39,435,782
Federal student aid grant programs	25,080,592	21,785,722
State student aid grant programs	954,286	1,683,829
Investment income	7,134,075	4,886,334
Net increase in the fair value of investments	3,326,764	280,803
Total nonoperating revenues	<u>133,436,644</u>	<u>124,503,655</u>
Gain before Other Revenues	9,033,087	1,821,657
Other Revenues - State Capital Grants	6,661,271	8,745,503
Increase in Net Position	15,694,358	10,567,160
Net Position		
Beginning of year	263,213,413	252,646,253
End of year	<u>\$ 278,907,771</u>	<u>\$ 263,213,413</u>

SINCLAIR COMMUNITY COLLEGE FOUNDATION
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support						
Contributions of cash and other financial assets	\$ 148,887	\$ 1,852,199	\$ 2,001,086	\$ 155,078	\$ 1,207,613	\$ 1,362,691
Contributions of nonfinancial assets	718,388	-	718,388	516,900	-	516,900
Net investment income	3,054,806	1,406,724	4,461,530	2,734,497	1,249,593	3,984,090
Lease income	54,518	-	54,518	136,156	-	136,156
Administration fee income	121,197	-	121,197	111,367	-	111,367
Other (expense) income	-	(4,277)	(4,277)	-	379	379
Net assets released from restrictions - Satisfaction of donor restrictions	1,520,567	(1,520,567)	-	1,607,026	(1,607,026)	-
Total revenue, (losses) gains, and other support	5,618,363	1,734,079	7,352,442	5,261,024	850,559	6,111,583
Expenses						
Expenses:						
Program	2,285,712	-	2,285,712	2,329,046	-	2,329,046
Management and general	876,572	-	876,572	477,937	-	477,937
Fundraising	466,036	-	466,036	416,413	-	416,413
Total expenses	3,628,320	-	3,628,320	3,223,396	-	3,223,396
Increase in Net Assets	1,990,043	1,734,079	3,724,122	2,037,628	850,559	2,888,187
Net Assets - Beginning of year	28,321,622	13,699,450	42,021,072	26,283,994	12,848,891	39,132,885
Net Assets - End of year	\$ 30,311,665	\$ 15,433,529	\$ 45,745,194	\$ 28,321,622	\$ 13,699,450	\$ 42,021,072

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Tuition and fees	\$ 34,605,320	\$ 29,085,433
Grants and contracts	15,559,180	18,796,345
Direct student loan receipts	17,617,217	12,902,596
Direct student loan disbursements	(15,644,942)	(14,835,022)
Payments to vendors and employees	(165,008,274)	(161,421,664)
Auxiliary enterprise charges	2,612,644	2,627,664
Sales and services of educational departments	1,817,363	1,972,699
Other receipts	2,904,415	6,787,034
Net cash used in operating activities	<u>(105,537,077)</u>	<u>(104,084,915)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	57,401,606	56,431,185
Property tax levy receipts	39,539,321	39,435,782
Deposits	(90,450)	(51,828)
Federal student aid grant programs	25,735,187	14,709,335
State student aid grant programs	772,684	2,065,503
Net cash provided by noncapital financing activities	<u>123,358,348</u>	<u>112,589,977</u>
Cash Flows from Capital and Related Financing Activities		
Capital grants	6,661,271	8,745,503
Lease activity	(1,176,328)	(564,787)
Subscription activity	(5,557,928)	(149,862)
Purchases of capital assets	(16,422,743)	(19,986,818)
Net cash used in capital and related financing activities	<u>(16,495,728)</u>	<u>(11,955,964)</u>
Cash Flows from Investing Activities		
Proceeds from maturities of investments	26,504,980	45,742,106
Interest on investments	7,029,567	4,887,120
Purchase of investments	(33,629,033)	(57,427,571)
Net cash used in investing activities	<u>(94,486)</u>	<u>(6,798,345)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,231,057	(10,249,247)
Cash and Cash Equivalents		
Beginning of year	6,115,449	16,364,696
End of year	<u>\$ 7,346,506</u>	<u>\$ 6,115,449</u>

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years ended June 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (124,403,557)	\$ (122,681,998)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	15,021,312	14,103,051
Loss on disposal of equipment	1,093,313	49,005
Changes in operating assets and liabilities, deferred inflows of resources, and deferred outflows of resources which (used) provided cash:		
Accounts receivable	1,669,386	4,862,489
Inventory	(37,118)	24,089
Prepaid expenses	414,735	(434,788)
Net other postemployment benefit asset	(1,842,671)	8,564,556
Accounts payable and accruals	785,323	(3,078,819)
Accrued salaries, wages, benefits and compensated absences	2,182,442	212,858
Unearned student fee income	(10,238)	540,897
Deferred outflow of resources - pension activity	14,035,107	(19,822,354)
Deferred outflow of resources - other postemployment benefit activity	2,699,183	(4,465,603)
Deferred inflow of resources - pension activity	(2,013,192)	(57,408,110)
Deferred inflow of resources - other postemployment benefit activity	(1,403,525)	(8,190,527)
Net pension liability	(13,727,577)	83,640,339
Net cash used in operating activities	<u>\$ (105,537,077)</u>	<u>\$ (104,084,915)</u>

Noncash Transactions

Lease obligations incurred for lease assets	\$ (827,509)	\$ 243,245
Subscription obligations incurred for subscription assets	3,321,947	1,475,211

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Sinclair Community College (the “College”), a two-year institution of higher education, began operations as a public community college in 1966. The College is operated by the Warren County Montgomery County Community College District and is exempt from federal income taxes pursuant to provisions of Section 115 of the Internal Revenue Code. The College offers associate and bachelor’s degrees, certificate programs, and continuing education in the areas of life and health sciences; science, mathematics, and engineering; liberal arts, communication, and social sciences; and business and public services.

Basis of Presentation: The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resource measurement focus. The College follows all applicable GASB pronouncements. The College follows the “business-type activities” reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the College’s financial activities.

Basis of Accounting: The financial statements of the College have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Cash and Cash Equivalents: Cash, certificates of deposit, and money market funds, stated at cost, are considered cash and cash equivalents with original maturities less than 90 days.

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 include amounts due from the federal government, state and local governments, and 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 of approximately \$947,000 and \$555,000 at June 30, 2024 and 2023, respectively. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, previous loss history, and the condition of the general economy and the industry as a whole.

Inventories: Inventories, which consist principally of publications, general merchandise, and other goods, are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

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

The College has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price at which the investment could be sold on June 30, 2024.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the net investment in capital assets component of net position is adjusted as appropriate. Capital asset additions of equipment and fixtures with a cost equal to or in excess of \$5,000 are capitalized and depreciated on a straight-line basis over the estimated useful lives in the table that follows. Buildings and improvements with a cost in excess of \$100,000 are capitalized and depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10 - 60 years
Equipment and fixtures	5 - 20 years
Library materials	5 years

Leased and subscription assets are amortized in a systematic and rational manner over the shorter of the term or the useful life of the underlying asset. The amortized asset is reported as an outflow of resources which is combined with depreciation expense related to other capital assets for financial statement purposes.

Leases: The College is a lessee for several buildings and land. The College recognizes a lease liability and an intangible right-of-use lease asset (lease asset) on the financial statements. At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term which is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise. The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with noncurrent assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Subscriptions: The College obtains the right to use vendors' information technology software through various long-term contracts. The College recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") on the financial statements. The College recognizes subscription assets and liabilities with an initial value of \$50,000 or more over the term of the agreement. At the commencement of a subscription, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs and is depreciated on a straight-line basis over its useful life.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments related to subscriptions include how the College determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. The College monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with noncurrent assets, and subscription liabilities are reported with long-term liabilities on the statement of net position.

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

Unearned Student Fee Income: Unearned student fee income includes the unearned portion of student tuition and fees for the summer and fall sessions. Unearned student fee income also includes advance payments received from businesses for non-credit classes and seminars conducted after June 30.

Compensated Absences: Administrative and professional employees earn vacation leave at a rate of 13.33 hours for each month of service up to a maximum of 240 hours. At the beginning of fiscal year 2024, support staff earned vacation at a rate of eight hours per month for the first five years of service up to a maximum of 240 hours. After five years of continuous employment, an additional eight hours per year (.66 hours per month) are added to the accrual rate each year until the maximum monthly accrual rate of 13.33 hours is reached. In May 2024, the College updated this policy to allow support staff to earn vacation leave at the same rate as administrative and professional employees. Upon termination of employment, an employee is entitled to payment for all accrued vacation hours. The College has accrued a vacation liability for all employees equal to amounts earned.

All College employees earn 10 hours of sick leave for each month of service up to a maximum of 120 hours per year. Unused sick leave accumulates up to a maximum of 1,200 hours. 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 up to a maximum payout of 240 hours. The College has accrued a sick leave liability for all employees equal to the maximum payout upon retirement.

During fiscal year 2024, the College offered a Voluntary Separation Incentive Program (VSIP) for full-time employees who have a minimum of five years of full-time employment with the College and are older than 60 years old, both at the time of separation. Participation was voluntary. Eligible employees who participated in the program were paid a lump sum payment of \$30,000 upon separation from College employment. Employees who elected to participate were required to register by June 1, 2024 and will separate between July 1, 2024 and December 31, 2024. Forty-seven employees have registered to participate resulting in a liability of \$1,410,000 included on the statement of net position within accrued salaries, wages and benefits as of June 30, 2024.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Postemployment Benefit: For purposes of measuring the net other postemployment benefit (OPEB) asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS and STRS and additions to/deductions from OPERS' and STRS' fiduciary net position have been determined on the same basis as they are reported by the OPERS and STRS. OPERS and STRS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS and STRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The College also has deferred inflows of resources for property taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024 and 2023, but which were levied to finance fiscal year 2025 and 2024, respectively, operations.

Net Position Classifications: In accordance with GASB Statement No. 35 guidelines, the College's resources are classified into the following four net position categories:

- **Investment in capital assets:** Capitalized physical assets, net of accumulated depreciation (see Note D), lease assets and subscription assets reduced by the outstanding balances of debt, including lease liability, subscription liability and deferred inflows of resources related to the acquisition, construction, or improvement of those assets.
- **Restricted – expendable, grants and contracts:** Resources related to grants, contracts, and taxes, including taxes levied in the prior reporting period and received in the reporting period, whose use is subject to externally-imposed restrictions including limitations on the use of net assets imposed by enabling legislation.
- **Restricted – expendable, pension and other postemployment benefits:** Resources related pension and other postemployment benefits, whose use is subject to externally-imposed restrictions including limitations on the use of net assets imposed by enabling legislation.
- **Unrestricted:** Resources that are not subject to externally imposed restrictions. Unrestricted resources may be designated for specific purposes by the Board of Trustees. Substantially all of the College's unrestricted resources are designated for future uses or contingencies (See Note B).

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Scholarships: Student tuition and fees and Campus Store revenues are presented net of grants and scholarships applied directly to student accounts. Grants and scholarships consist primarily of awards to students from the Federal Pell Grant Program, Sinclair Community College grant programs, and the Sinclair Community College Foundation. Payments made directly to students from grants and scholarships are presented as Student Aid.

The College's federal direct loan program was determined to meet the definition of a fiduciary activity. However, as the assets are generally held for three months or less, they are reported as business-type activities with inflows and outflows reported within operating activities on the statement of cash flows.

Operating Versus Nonoperating Revenues and Expenses: The College defines operating activities as reported on the statement of revenues, expenses, and changes in net position as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received. All of the College's expenses are from exchange transactions. Certain significant revenue streams relied on for operations are reported as nonoperating revenues as required by GASB Statement No. 35, and *GASB's Implementation Guide*. Nonoperating revenue includes state appropriations, county property tax levy receipts, certain government grants, and investment income.

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

Tax Abatement: The College's property tax revenue is affected by tax abatements entered into by Montgomery County. The College's property tax revenues were reduced by \$1,141,075 and \$757,801 for the year ended June 30, 2024 and 2023, respectively.

Classification Update: In the fiscal year 2023 reconciliation of operating loss to net cash used in operating activities, the following descriptions of changes in operating assets and liabilities, deferred inflows and deferred outflows of resources were reported out of order from the appropriate amount: prepaid expenses, net other postemployment benefit asset, accounts payable and accruals, accrued salaries, wages, benefits and compensated absences, unearned student fee income, deferred outflow of resources – pension activity and deferred outflow of resources – other postemployment benefit activity. There is no change to beginning net position, fund balance or fund net position and the fiscal year 2023 descriptions and their corresponding amounts, are now reported in the correct order.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 2023, the Governmental Accounting Standards Board issued GASB Statement No. 102, Certain Risk Disclosures, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued GASB Statement No. 103, Financial Reporting Model Improvements, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion & analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2026.

NOTE B – CASH AND INVESTMENTS

In accordance with the Ohio Revised Code and the College's investment policy, the College is authorized to invest cash in securities of the United States government or of its agencies or instrumentalities, the Treasurer of State's pooled investment program and federally insured cash account program, obligations of any state, obligations of any Ohio political subdivision, certificates of deposit, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, bankers' acceptances, corporate obligations, U.S. and global fixed income mutual funds, and domestic and international equity mutual funds. The classification of cash and cash equivalents and investments in the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

Deposits: At June 30, 2024, the carrying amount of the College's deposits in all funds was \$7,346,506 (reported as cash and cash equivalents in the statement of net position) and the financial institution balance was \$8,611,469. The difference between the carrying amount and the financial institution balance was primarily due to outstanding checks at June 30, 2024. Of the financial institution balance, \$1,222,917 was covered by federal depository insurance and \$250,000 had Federal Securities Investor Protection Corporation coverage. The remaining balance of \$7,138,552 was uninsured.

At June 30, 2023, the carrying amount of the College's deposits in all funds was \$6,115,449 (reported as cash and cash equivalents in the statement of net position) and the financial institution balance was \$6,296,130. The difference between the carrying amount and the financial institution balance was primarily due to outstanding checks at June 30, 2023. Of the financial institution balance, \$1,197,309 was covered by federal depository insurance and \$250,000 had Federal Securities Investor Protection Corporation coverage. The remaining balance of \$4,848,821 was uninsured.

The uninsured deposits were either 1) held in accounts at Ohio banks that maintain collateral pools securing public funds deposits in accordance with the Ohio Revised Code (\$6,463,877 at June 30, 2024 and \$3,935,984 at June 30, 2023), or 2) in the case of money market account balances were backed by the underlying securities held by the fund (\$674,676 at June 30, 2024 and \$912,837 at June 30, 2023). The custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, the College's deposits may not be returned to the College, or the College may not be able to recover the value of collateral securities that are in the possession of an outside party.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE B – CASH AND INVESTMENTS (Continued)

Investments: Investments at June 30, 2024 and 2023 were \$181,541,814 (amortized cost basis of \$181,672,476) and \$167,229,415 (amortized cost basis of \$170,690,332), respectively.

Investments at June 30 were as follows:

	Fair Value at June 30, 2024	Maturities			
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 20 Years
Government National Mortgage Association (GNMA) bonds	\$ 10,308,119	\$ 6,118	\$ 603,336	\$ 1,192,366	\$ 8,506,299
Other federal agency securities	22,143,655	7,127,815	10,946,415	4,069,425	-
Municipal bonds	9,102,713	1,568,827	7,533,886	-	-
Fixed income security funds	13,818,655	2,074,175	5,975,855	5,768,625	-
Equity funds	18,415,871	18,415,871	-	-	-
Corporate bonds	37,388,156	15,430,563	15,772,669	6,184,924	-
STAR Ohio	70,364,645	70,364,645	-	-	-
Certificates of deposit	-	-	-	-	-
Total	\$ 181,541,814	\$ 114,988,014	\$ 40,832,161	\$ 17,215,340	\$ 8,506,299

	Fair Value at June 30, 2023	Maturities			
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 20 Years
Government National Mortgage Association (GNMA) bonds	\$ 12,197,949	\$ 25,579	\$ 555,621	\$ 1,275,849	\$ 10,340,900
Other federal agency securities	20,567,557	7,545,620	12,047,937	974,000	-
Municipal bonds	9,031,467	1,169,016	6,722,801	1,139,650	-
Fixed income security funds	13,380,375	7,871,557	5,508,818	-	-
Equity funds	16,663,532	16,663,532	-	-	-
Corporate bonds	34,343,996	13,276,649	17,083,157	3,984,190	-
STAR Ohio	60,795,981	60,795,981	-	-	-
Certificates of deposit	248,558	-	248,558	-	-
Total	\$ 167,229,415	\$ 107,347,934	\$ 42,166,892	\$ 7,373,689	\$ 10,340,900

The certificates of deposit were fully FDIC insured. The federal agency, municipal and corporate bonds were all credit quality “A” or higher, as required by the College’s investment policy. Government National Mortgage Association (GNMA) bonds are aggregations of home mortgages that carry the full faith and credit guaranty of the U.S. government, the same guaranty provided to U.S. Treasury instruments. U.S. Treasuries and GNMA bonds are not subject to the credit risk disclosures of GASB Statement No. 40.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE B – CASH AND INVESTMENTS (Continued)

There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption rates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$50 million, requiring excess amounts to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

A GNMA bond does not mature all at once on its stated maturity date. Rather, a portion of each bond matures every month, and an entire bond will usually mature many years before its maturity date. The following homeowner actions result in the return of principal to the owners of a GNMA bond: 1) making a monthly mortgage payment which includes a principal component, 2) refinancing a mortgage and thereby paying off the old mortgage, 3) selling a home and paying off the mortgage. GNMA principal amounts returned to the College are either reinvested, held as cash, or used in operations as deemed appropriate. For the years ended June 30, 2024 and 2023, the College's GNMA investments returned principal as follows:

	2024	2023
Years:		
0 - 5	\$ 620,419	\$ 601,533
6 - 10	1,165,656	1,275,428
11 - 20	9,107,613	10,839,003
Greater than 20	-	-
Total (at cost)	\$ 10,893,688	\$ 12,715,964

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the requirements of the Ohio Revised Code and to insure that the term of the maturity of investments does not exceed the need for the availability of the funds invested. The College has the ability and intent to hold all investment securities until maturity; therefore, it is not anticipated that market gains or losses will be realized.

The College's cash and investments help support allocated net positions designated by the Board of Trustees or restricted by outside parties for the following purposes:

	2024	2023
Capital improvements, facility renovations, equipment	\$ 97,972,658	\$ 82,271,089
Tuition stabilization, rainy day fund, uninsured losses, other contingencies and initiatives	38,672,327	46,561,962
Auxiliary enterprises	11,163,854	10,237,835
Board-designated endowment	17,725,994	17,587,107
Student organization funds	100,000	100,000
Total unrestricted net position before pension and other postemployment benefit activity	165,634,833	156,757,993
Pension activity	(105,657,269)	(107,362,932)
Other postemployment benefit activity	5,168,842	4,621,830
Total unrestricted net position	65,146,406	54,016,891
Restricted grants and contracts	3,628,283	2,244,228
Total unrestricted and restricted net position	\$ 68,774,689	\$ 56,261,119

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE C – FAIR VALUE MEASUREMENTS

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

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

The College has the following recurring fair value measurements as of June 30, 2024 and 2023:

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Investments by Fair Value Level									
Debt securities:									
Government National Mortgage Association (GNMA) Bonds	\$ 10,308,119	\$ -		\$ 10,308,119	\$ -				
Other federal agency securities	22,143,655	-		22,143,655	-				
Municipal bonds	9,102,713	-		9,102,713	-				
Fixed income security funds	13,818,655	-		13,818,655	-				
Equity funds	18,415,871	-		18,415,871	-				
Corporate bonds	37,388,156	-		37,388,156	-				
Total debt securities	\$ 111,177,169	\$ -		\$ 111,177,169	\$ -				

	Balance at June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Investments by Fair Value Level									
Debt securities:									
Government National Mortgage Association (GNMA) Bonds	\$ 12,197,949	\$ -		\$ 12,197,949	\$ -				
Other federal agency securities	20,567,557	-		20,567,557	-				
Municipal bonds	9,031,467	-		9,031,467	-				
Fixed income security funds	13,380,375	-		13,380,375	-				
Equity funds	16,663,532	-		16,663,532	-				
Corporate bonds	34,343,996	-		34,343,996	-				
Total debt securities	\$ 106,184,876	\$ -		\$ 106,184,876	\$ -				

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE C – FAIR VALUE MEASUREMENTS (Continued)

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

Investments on the statement of net position as of June 30, 2024 and 2023 include certificates of deposits of \$0 and \$248,558, respectively, and investments in STAR Ohio of \$70,364,645 and \$60,795,981, respectively. The certificates of deposit and investment in STAR Ohio are excluded from the fair value table above as they are measured at amortized cost.

NOTE D – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2024 and 2023 is summarized as follows:

	June 30, 2024				
	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Cost:					
Land and improvements	\$ 19,972,000	\$ 111,934	\$ 266,943	\$ -	\$ 20,350,877
Buildings and improvements	385,381,573	709,973	7,335,443	(989,757)	392,437,232
Equipment and fixtures	38,184,094	2,824,929	-	(1,812,757)	39,196,266
Library materials	2,171,744	75,075	-	(219,147)	2,027,672
Total cost	445,709,411	3,721,911	7,602,386	(3,021,661)	454,012,047
Less accumulated depreciation:					
Buildings and improvements	230,347,616	8,884,464	-	-	239,232,080
Equipment and fixtures	26,308,868	2,697,229	-	(1,709,201)	27,296,896
Library materials	1,955,118	71,501	-	(219,147)	1,807,472
Total accumulated depreciation	258,611,602	11,653,194	-	(1,928,348)	268,336,448
Construction in progress	19,389,508	12,967,775	(7,602,386)	-	24,754,897
Capital assets, net	\$ 206,487,317	\$ 5,036,492	\$ -	\$ (1,093,313)	\$ 210,430,496

As of June 30, 2024, the College was a party to outstanding construction contracts and commitments totaling approximately \$2,651,000.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE D – CAPITAL ASSETS (Continued)

	June 30, 2023				
	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Cost:					
Land and improvements	\$ 19,850,832	\$ 121,168	\$ -	\$ -	\$ 19,972,000
Buildings and improvements	379,206,637	2,266,833	3,908,103	-	385,381,573
Equipment and fixtures	37,676,242	3,453,354	-	(2,945,502)	38,184,094
Library materials	2,272,512	72,403	-	(173,171)	2,171,744
Total cost	439,006,223	5,913,758	3,908,103	(3,118,673)	445,709,411
Less accumulated depreciation:					
Buildings and improvements	220,276,220	10,071,396	-	-	230,347,616
Equipment and fixtures	26,863,606	2,341,759	-	(2,896,497)	26,308,868
Library materials	2,057,416	70,873	-	(173,171)	1,955,118
Total accumulated depreciation	249,197,242	12,484,028	-	(3,069,668)	258,611,602
Construction in progress	9,224,551	14,073,060	(3,908,103)	-	19,389,508
Capital assets, net	\$ 199,033,532	\$ 7,502,790	\$ -	\$ (49,005)	\$ 206,487,317

NOTE E – LONG-TERM LIABILITIES

Long-term liabilities activity for the years ended June 30, 2024 and 2023 is summarized as follows:

	June 30, 2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 5,806,293	\$ 566,870	\$ (284,204)	\$ 6,088,959	\$ 285,855
Leases	4,104,480	28,941	(1,140,429)	2,992,992	452,643
Subscription-Based Information Technology Agreements	3,656,148	1,811,593	(511,648)	4,956,093	1,751,574
	\$ 13,566,921	\$ 2,407,404	\$ (1,936,281)	\$ 14,038,044	\$ 2,490,072
	June 30, 2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 5,668,424	\$ 206,188	\$ (68,319)	\$ 5,806,293	\$ 74,120
Leases	4,255,472	680,869	(831,861)	4,104,480	463,068
Subscription-Based Information Technology Agreements	3,621,267	1,358,426	(1,323,545)	3,656,148	1,247,139
	\$ 13,545,163	\$ 2,245,483	\$ (2,223,725)	\$ 13,566,921	\$ 1,784,327

Long-term liabilities are primarily accumulated sick leave payable to employees upon retirement. See Note A, *Compensated Absences*, for further discussion. See Note G, *Leases and Subscription-Based Information Technology Agreements* for further discussion.

NOTE F – STATE AND COUNTY SUPPORT

The College is an institution of higher education that receives a student-based subsidy from the State of Ohio using a performance outcomes-based formula devised by the Ohio Department of Higher Education (formerly known as the Ohio Board of Regents). In addition to student subsidies, the State of Ohio provides a portion of the funding for the construction of major plant facilities on the College's campuses, as well as for the renovation of facilities and the purchase of equipment.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE F – STATE AND COUNTY SUPPORT (Continued)

The College also receives support from two Montgomery County, Ohio property tax levies. A successful ballot issue in the November 2017 primary election renewed a 3.2 mill levy that commenced January 1, 2020 and will end December 31, 2027. On November 3, 2015, an additional 1 mill operating levy was passed, commencing on January 1, 2015 and ending December 31, 2022. On November 8, 2022, the additional 1 mill operating levy was renewed. It commenced on January 1, 2023 and will end December 31, 2032. By state law, levy receipts must be used solely for the benefit of Montgomery County residents attending the College in the form of student tuition subsidy, student scholarships and instructional facilities, equipment, and support services located within Montgomery County.

Property taxes receivable represent outstanding property taxes which were measurable at June 30, 2024. Total property tax collections for the next fiscal year are measurable amounts; however, since these revenue collections to be received during the available period are not intended to finance 2024 operations, the receivable amount is recorded as deferred inflows of resources.

NOTE G – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

Leases

The College leases certain assets from various third parties. The assets leased are land, buildings and office space. Payments are fixed monthly with a discount rate of 4.5%. For the years ended June 30, 2024 and 2023, there was 1 new lease for both years, respectively, and two and one, terminated leases, respectively.

Lease asset activity of the College was as follows:

	June 30, 2024			
	Beginning Balance	Additions	Deductions	Ending Balance
Leased Asset Class (Lessee)				
Land	\$ 1,878,847	\$ -	\$ -	\$ 1,878,847
Building	3,910,026	28,941	(556,703)	3,382,264
Accumulated Amortization				
Land	-	-	-	-
Building	1,167,325	563,314	293,136	2,023,775
Net Book Value of Leased Assets (Lessee)				
	<u>\$ 4,621,548</u>	<u>\$ (534,373)</u>	<u>\$ (849,839)</u>	<u>\$ 3,237,336</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE G – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS
(Continued)

	June 30, 2023			
	Beginning Balance	Additions	Deductions	Ending Balance
Leased Asset Class (Lessee)				
Land	\$ 1,811,873	\$ 66,974	\$ -	\$ 1,878,847
Building	3,480,089	613,895	(183,958)	3,910,026
Accumulated Amortization				
Land	130,696	-	(130,696)	-
Building	845,946	437,624	(116,245)	1,167,325
Net Book Value of Leased Assets (Lessee)	\$ 4,315,320	\$ 243,245	\$ 62,983	\$ 4,621,548

The College had no other outflows related to leasing arrangements that occurred during the year and were not previously included in the measurement of the lease liability.

Future principal and interest payment requirements related to the College's lease liability at June 30, 2024 are as follows:

Year Ended June 30:	Principal	Interest	Total
2025	\$ 452,643	\$ 127,420	\$ 580,063
2026	276,417	109,794	386,211
2027	136,253	101,163	237,416
2028	138,064	94,972	233,036
2029	144,499	88,537	233,036
2030-2034	646,437	346,804	993,241
2035-2039	667,139	203,981	871,120
2040-2044	525,579	44,218	569,797
2045-2049	5,961	146	6,107
Total minimum lease payments	\$ 2,992,992	\$ 1,117,035	\$ 4,110,027

As of June 30, 2024, the College has no commitments related to leases for which the lease term has not commenced. The capital interest expense for the leases in fiscal years 2024 and 2023 was \$64,840 and \$160,128, respectively.

Subscription-Based Information Technology Agreements

The College has purchased various subscription-based information technology agreements. Payments are generally fixed annually with a discount rate of 5%. For the year ended June 30, 2024 and 2023, there was six and five, new agreements, respectively.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

**NOTE G – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS
(Continued)**

Subscription asset activity of the College was as follows:

Asset Class	June 30, 2024			
	Beginning Balance	Additions	Deductions	Ending Balance
Subscription	\$ 6,033,043	\$ 3,321,947	\$ -	\$ 9,354,990
Accumulated Amortization				
Subscription	2,428,986		-	2,511,669
				4,940,655
Net Book Value of Subscription Assets	\$ 3,604,057	\$ 3,321,947	\$ (2,511,669)	\$ 4,414,335

Asset Class	June 30, 2023			
	Beginning Balance	Additions	Deductions	Ending Balance
Subscription	\$ 4,557,832	\$ 1,475,211	\$ -	\$ 6,033,043
Accumulated Amortization				
Subscription	1,000,646		-	1,428,340
				2,428,986
Net Book Value of Subscription Assets	\$ 3,557,186	\$ 1,475,211	\$ (1,428,340)	\$ 3,604,057

The College had no other outflows related to subscription arrangements that occurred during the year and were not previously included in the measurement of the subscription liability.

Future principal and interest payment requirements related to the College's subscription liability at June 30, 2024 are as follows:

Year Ended June 30:	Principal	Interest	Total
2025	\$ 1,751,574	\$ 205,652	\$ 1,957,226
2026	1,287,853	163,283	1,451,136
2027	1,221,559	98,065	1,319,624
2028	520,086	35,563	555,649
2029	175,021	8,980	184,001
Total minimum subscription payments	\$ 4,956,093	\$ 511,543	\$ 5,467,636

As of June 30, 2024, the College has no commitments related to subscriptions for which the term has not commenced. The capital interest expense for the subscription assets in fiscal years 2024 and 2023 was \$213,978 and \$184,743, respectively.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Plan Descriptions: The College participates in the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS), statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that cover substantially all employees of the College. Each system has three retirement plan options available to its members, and provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide postemployment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. The reports may be obtained by contacting:

State Teachers Retirement System of Ohio
275 E. Broad Street
Columbus, Ohio 43215
(888) 227-7877
www.strsoh.org

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
(800) 222-7377
www.opers.org

Contributions: State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by an actuarial valuation using the entry age normal cost method. Under these provisions, each College's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are set at the maximum authorized by the ORC. The plans' 2024 and 2023 employer contribution and member contribution rates on covered payroll to each system were:

	Employer Contribution Rate					Member Contribution Rate
	Post Retirement Healthcare		Death Benefits	Medicare B	Total	
	Pension				Total	
STRS	14.00%	0.00%	0.00%	0.00%	14.00%	14.00%
OPERS	14.00%	0.00%	0.00%	0.00%	14.00%	10.00%
OPERS - Law enforcement	18.10%	0.00%	0.00%	0.00%	18.10%	13.00%

The College's required actual pension and OPEB contributions to the plans were:

	Years Ended June 30			
	2024		2023	
	Pension	OPEB	Pension	OPEB
STRS	\$ 5,726,577	\$ -	\$ 5,718,676	\$ -
OPERS	6,576,761	-	6,234,593	-
Total	\$ 12,303,338	\$ -	\$ 11,953,269	\$ -

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Benefits Provided:

STRS: Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Effective August 1, 2017 – July 1, 2019, any member may retire who has (1) five years of service credit and attained age 60; (2) 27 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (three to five years) and multiplies by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits.

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

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependent. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

OPERS: Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (5 to 30 years) and on attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Net Pension Liability, Deferrals, and Pension Expense: At June 30, 2024 and 2023, the College reported a liability for its proportionate share of the net pension liability of STRS and OPERS. As of June 30, 2024 and 2023, the net pension liability was measured as of June 30, 2023 and 2022 for STRS and December 31, 2023 and 2022 for OPERS, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change 2024-23	Percent Change 2023-22
		2024	2023	2024	2023		
STRS	June 30	\$ 65,216,436	\$ 69,847,376	0.30284%	0.31420%	-0.01136%	0.00192%
OPERS	December 31	64,865,022	73,961,659	0.25374%	0.25434%	-0.00060%	-0.00031%
		<u>\$ 130,081,458</u>	<u>\$ 143,809,035</u>				

For the years ended June 30, 2024 and 2023, the College recognized pension (recovery) expense of \$(1,705,662) and \$6,037,301 respectively. At June 30, 2024 and 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,620,683	\$ (295,140)	\$ 3,554,260	\$ (429,644)
Changes in assumptions	5,428,907	(4,042,764)	9,229,709	(6,291,647)
Net difference between projected and actual earnings on pension plan investments	13,663,779	(195,456)	24,275,187	-
Changes in proportion and differences between College contributions and proportionate share of contributions	213,104	(3,890,409)	303,758	(3,715,670)
College contributions subsequent to the measurement date	9,921,484	-	9,520,150	-
Total	\$ 32,847,957	\$ (8,423,769)	\$ 46,883,064	\$ (10,436,961)

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

Year Ended June 30:	Amount
2025	\$ 911,421
2026	1,619,440
2027	14,713,263
2028	(2,769,354)
2029	4,104
Thereafter	23,831

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Net OPEB Liability (Asset), Deferrals, and OPEB Expense: At June 30, 2024, the College reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS and OPERS. For June 30, 2024, the net OPEB liability/(asset) was measured as of June 30, 2023 for STRS and December 31, 2023 for the OPERS plan. For June 30, 2023, the net OPEB liability/(asset) was measured as of June 30, 2022 for STRS and December 31, 2022 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2022 and 2021, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals, during the year for the defined benefit health care plans.

Typically, the College's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2023 and 2022, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2023 and 2022, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB Liability (Asset)		Proportionate Share		Percent Change 2024-2023	Percent Change 2023-2022
		2024	2023	2024	2023		
STRS	June 30	\$ (5,890,000)	\$ (8,136,000)	0.30284%	0.31420%	-0.01136%	0.00197%
OPERS	December 31	(2,401,616)	1,687,055	0.26610%	0.26757%	-0.00147%	-0.00156%

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

For the year ended June 30, 2024 and 2023, the College recognized OPEB (recovery) expense of \$(547,013) and \$(4,092,573), respectively. At June 30, 2024 and 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,000	\$ (1,239,819)	\$ 118,000	\$ (1,642,817)
Changes in assumptions	1,486,297	(4,918,383)	1,994,785	(5,904,585)
Net difference between projected and actual earnings on OPEB plan investments	1,453,307	-	3,492,550	-
Changes in proportion and differences between College contributions and proportionate share of contributions	123,150	(36,325)	165,602	(50,650)
Total	\$ 3,071,754	\$ (6,194,527)	\$ 5,770,937	\$ (7,598,052)

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

Year Ended June 30:	<u>Amount</u>	
		\$
2025	(1,729,226)	
2026	(684,404)	
2027	820,982	
2028	(890,557)	
2029	(368,295)	
Thereafter	(271,273)	

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability (asset) in the next year.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Actuarial Assumptions: The total pension liability and OPEB liability (asset) is based on the results of an actuarial valuation, and were determined using the following actuarial assumptions for the College's current year:

	STRS	OPERS
Valuation date – pension	June 30, 2023	December 31, 2023
Valuation date - OPEB	June 30, 2023	December 31, 2022
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.05 % – 3.00 %
Salary increases, including inflation	2.50 % – 8.50 %	2.75 % – 10.75 %
Inflation	2.50 %	2.75 %
Investment rate of return-pension	7.00 %, net of investment expense including inflation	6.90 %, net of investment expense including inflation
Investment rate of return-OPEB	7.00 %, net of investment expense including inflation	6.00 %, net of investment expense including inflation
Healthcare cost trends	-10.94 % to 1.33 % initial, 4.14 % ultimate	5.50 % initial, 3.50 % ultimate in 2038
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended December 31, 2020
Mortality basis	Post-Retirement: Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020 Pre-Retirement: Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020 Post-Retirement Disabled: Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

The following are actuarial assumptions for the College's prior year:

	STRS	OPERS
Valuation date – pension	June 30, 2022	December 31, 2022
Valuation date - OPEB	June 30, 2022	December 31, 2021
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.05 % – 3.00 %
Salary increases, including inflation	2.50 % – 8.50 %	2.75 % – 10.75 %
Inflation	2.50 %	2.75 %
Investment rate of return-pension	7.00 %, net of investment expense including inflation	6.90 %, net of investment expense including inflation
Investment rate of return-OPEB	7.00 %, net of investment expense including inflation	6.00 %, net of investment expense including inflation
Healthcare cost trends	-68.78 % to 9.00 % initial, 4.00 % ultimate	5.50 % initial, 3.50 % ultimate in 2036
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended December 31, 2020
Mortality basis	Post-Retirement: Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020 Pre-Retirement: Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020 Post-Retirement Disabled: Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Pension Discount Rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS were 7.00 percent for the plan years ended June 30, 2023 and 2022. The discount rates used to measure the total pension liability for OPERS were 6.90 percent for both the plan years ended December 31, 2023 and 2022.

OPEB Discount Rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

STRS – OPEB Discount Rate: The discount rate used to measure the total OPEB assets was 7.00 percent for the plan years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities/(assets) were 5.70 percent and 5.22 percent for the plan years ended December 31, 2023 and 2022, respectively. At December 31, 2023 the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments (6.00 percent) for the funded benefit payments and Fidelity Index's 20-Year Municipal GO AA Index of 3.77 percent as of December 31, 2023. At December 31, 2022, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments (6.00 percent) for the funded benefit payments and Fidelity Index's 20-Year Municipal GO AA Index of 4.05 percent as of December 31, 2022.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

The long-term expected rate of return on pension and OPEB plans investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

STRS - as of June 30, 2023			OPERS - as of December 31, 2023				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio		Health Care Portfolio		Long-term Expected Real Rate of Return
			Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	
Domestic equity	26.00%	6.60%	Fixed income	24.00%	2.85%	37.00%	2.82%
International equity	22.00%	6.80%	Domestic equity	21.00%	4.27%	25.00%	4.27%
Alternatives	19.00%	7.38%	Real estate	13.00%	4.46%	0.00%	0.00%
Fixed income	22.00%	1.75%	Private equity	15.00%	7.52%	0.00%	0.00%
Real estate	10.00%	5.75%	International equity	20.00%	5.16%	25.00%	5.16%
Liquidity reserves	1.00%	1.00%	Risk Parity	2.00%	4.38%	3.00%	4.38%
Total	<u>100.00%</u>		REITs	0.00%	0.00%	5.00%	4.68%
			Other investments	5.00%	3.46%	5.00%	2.43%
			Total	<u>100.00%</u>		<u>100.00%</u>	

STRS - as of June 30, 2022			OPERS - as of December 31, 2022				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio		Health Care Portfolio		Long-term Expected Real Rate of Return
			Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	
Domestic equity	26.00%	6.60%	Fixed income	22.00%	2.62%	34.00%	2.56%
International equity	22.00%	6.80%	Domestic equity	22.00%	4.60%	26.00%	4.60%
Alternatives	19.00%	7.38%	Real estate	13.00%	3.27%	0.00%	0.00%
Fixed income	22.00%	1.75%	Private equity	15.00%	7.53%	25.00%	5.51%
Real estate	10.00%	5.75%	International equity	21.00%	5.51%	2.00%	4.37%
Liquidity reserves	1.00%	1.00%	Risk Parity	2.00%	4.37%	6.00%	1.84%
Total	<u>100.00%</u>		REITs	0.00%	0.00%	7.00%	4.70%
			Other investments	5.00%	3.27%	0.00%	0.00%
			Total	<u>100.00%</u>		<u>100.00%</u>	

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the College, calculated using the discount rate listed below, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2024						
Plan	1.00 Percent Decrease		Current Discount Rate	1.00 Percent Increase		
STRS	6.00%	\$ 100,288,444	7.00%	\$ 65,216,436	8.00%	\$ 35,555,114
OPERS	5.90%	103,627,111	6.90%	64,865,022	7.90%	32,651,743
		<u>\$ 203,915,555</u>		<u>\$ 130,081,458</u>		<u>\$ 68,206,857</u>

2023						
Plan	1.00 Percent Decrease		Current Discount Rate	1.00 Percent Increase		
STRS	6.00%	\$ 105,513,957	7.00%	\$ 69,847,376	8.00%	\$ 39,684,491
OPERS	5.90%	111,930,156	6.90%	73,961,659	7.90%	42,400,737
		<u>\$ 217,444,113</u>		<u>\$ 143,809,035</u>		<u>\$ 82,085,228</u>

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following presents the net pension liability/(asset) of the College, calculated using the discount rate listed below, as well as what the College's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2024						
Plan	1.00 Percent Decrease		Current Discount Rate	1.00 Percent Increase		
STRS	6.00%	\$ (4,984,964)	7.00%	\$ (5,890,000)	8.00%	\$ (6,677,858)
OPERS	4.70%	1,319,856	5.70%	(2,401,616)	6.70%	(5,484,321)
		<u>\$ (3,665,108)</u>		<u>\$ (8,291,616)</u>		<u>\$ (12,162,179)</u>

2023						
Plan	1.00 Percent Decrease		Current Discount Rate	1.00 Percent Increase		
STRS	6.00%	\$ (7,521,260)	7.00%	\$ (8,136,000)	8.00%	\$ (8,662,059)
OPERS	4.22%	5,741,966	5.22%	1,687,055	6.22%	(1,658,909)
		<u>\$ (1,779,294)</u>		<u>\$ (6,448,945)</u>		<u>\$ (10,320,968)</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: The following presents the net OPEB liability/(asset) of the College, calculated using the healthcare cost trend rate listed below, as well as what the College's net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	2024		
	1.00 Percent Decrease	Trend Rate	1.00 Percent Increase
STRS	\$ (6,714,426)	\$ (5,890,000)	\$ (4,896,601)
OPERS	(2,501,340)	(2,401,616)	(2,288,460)
	<u>\$ (9,215,766)</u>	<u>\$ (8,291,616)</u>	<u>\$ (7,185,061)</u>

Plan	2023		
	1.00 Percent Decrease	Trend Rate	1.00 Percent Increase
STRS	\$ (8,438,722)	\$ (8,136,000)	\$ (7,753,257)
OPERS	1,581,315	1,687,055	1,806,071
	<u>\$ (6,857,407)</u>	<u>\$ (6,448,945)</u>	<u>\$ (5,947,186)</u>

Pension Plan and OPEB Plan Fiduciary Net Position: Detailed information about the pension plans' fiduciary net positions is available in the separately issued STRS and OPERS financial reports.

Assumption Changes: During the measurement periods ended June 30, 2023 and December 31, 2023, respectively, certain assumption changes were made by the plans. STRS mortality tables, projected salary increases, and trend rates were updated based on a new experience study, which impacted the annual actuarial valuation for Pension and OPEB prepared as of June 30, 2023. The OPERS OPEB discount rate increased from 5.22 percent to 5.70 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2023.

Benefit Changes: There were no significant benefit terms changes for the pension or OPEB plans since the prior two measurement dates for OPERS. Effective for 2024, STRS implemented a one-time 1% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during fiscal year 2024 and a plan change to provide unreduced retirement benefits to those with 34 years of service, which extends through fiscal year 2028. Additionally, STRS OPEB changed 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 updated in the medical and PBM vendor contracts.

Changes since the measurement date: There were no significant changes since the measurement date.

Payable to the Pension Plans: At June 30, 2024, the College reported a payable of \$1,343,172 for the outstanding amount of contributions to the pension plan, required for the year ended June 30, 2024. At June 30, 2023, the College reported a payable of \$1,291,175 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023. There was no reported payable to the OPEB plan as of June 30, 2024 and 2023.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Defined Contribution Pension Plan: The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The College's Board of Trustees adopted the College's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the College. Employee and employer contributions equal to those required by STRS, and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47 percent for STRS and 2.44 percent for OPERS for the years ended June 30, 2024 and 2023. The employer also contributes what would have been the employer's contribution under STRS, or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The College plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the years ended June 30, 2024 and 2023, employee contributions totaled \$593,538 and \$463,037, respectively, and the College recognized pension expense of \$607,593 and \$472,159 respectively.

NOTE I – INSURANCE

The College maintains comprehensive and umbrella insurance coverage with private carriers for real property, building contents, vehicles, and liability. Vehicle policies include liability coverage for bodily injury and property damage. The College's Aviation Policy includes unmanned aerial systems. Additionally, the College carries professional coverage for employees and its Board of Trustees, Crime & Employee Dishonesty coverage and Cyber Liability coverage. The College retains a consulting firm to perform an annual examination of all insurance policies.

The College is self-insured for certain employee health benefit programs. Funding for these programs is based on actuarial projections provided by the plan administrators. The College also offers a high deductible health savings account option for its employees. Aggregate and specific stop loss insurance is maintained for benefit payments that exceed the maximum limits outlined in the policy. The claims liability of approximately \$1,236,000 and \$1,128,000 reported at June 30, 2024 and 2023, respectively, is based on an estimate provided by an actuary and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. No incremental claim adjustment expenses are included in the estimate. The amount is in the accrued salaries, wages and benefits on the statement of net position.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE I – INSURANCE (continued)

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

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2024	\$ 1,128,000	\$ 11,198,993	(11,090,993)	1,236,000
2023	1,186,000	10,207,602	(10,265,602)	1,128,000
2022	1,298,000	11,184,914	(11,296,914)	1,186,000

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

NOTE J – CONTINGENCIES

The College receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. As of June 30, 2024 and 2023, the College is not aware of any potential disallowances.

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION

The College is the sole beneficiary of the Sinclair Community College Foundation (the “Foundation”), a separate not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting education activities. Amounts received by the College from the Foundation in the form of private gifts, grants, and contracts amounted to \$2,163,400 and \$2,105,179 for the years ended June 30, 2024 and 2023, respectively.

The following tables present information about the Foundation’s assets measured at fair value on a recurring basis at June 30, 2024 and 2023.

	June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Fixed income security funds	\$ 7,142,215	\$ -	\$ -	\$ 7,142,215
Domestic equity funds	19,833,940	-	-	19,833,940
International equity funds	10,178,258	-	-	10,178,258
Alternative equity funds	3,471,784	-	-	3,471,784
Total	40,626,197	-	-	40,626,197
Investments valued at NAV				30,964
Total				\$40,657,161

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

	June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Fixed income security funds	\$ 5,129,857	\$ -	\$ -	\$ 5,129,857
Domestic equity funds	17,259,581	-	-	17,259,581
International equity funds	10,397,077	-	-	10,397,077
Alternative equity funds	4,071,269	-	-	4,071,269
Total	36,857,784	-	-	36,857,784
Investments valued at NAV				72,905
Total				<u>\$ 36,930,689</u>

The fair value of the investments valued at net asset value (NAV) at June 30, 2024 and 2023 was determined primarily based on unobservable inputs. The Foundation estimates the fair value of these investments based on the most recent investment statement provided for the respective funds. The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period.

	2024	2023
Limited partnerships	\$ 30,964	\$ 72,905

The limited partnership investments hold investments in various preferred stocks, convertible promissory notes, and common stocks. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

Capital assets consist of the following at June 30, 2024 and 2023:

	2024	2023
Land	\$ 4,526,086	\$ 4,526,086
Building	882,783	882,783
Total cost	<u>5,408,869</u>	<u>5,408,869</u>
Less accumulated depreciation - building	(426,676)	(391,365)
Net property and equipment	<u><u>\$ 4,982,193</u></u>	<u><u>\$ 5,017,504</u></u>

The Foundation purchased the land and building in 2012 and donated it to Courseview Holdings, LLC, a limited liability company of which the Foundation is the sole member and for which the amounts are included in the Foundation's consolidated financial statements. All of the property is being leased by the LLC to the College for the College's use in expanding its Courseview Campus in Mason, Ohio.

Net assets of the Foundation are classified based on the presence or absence for donor-imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Net assets with donor restrictions were as follows:

	2024	2023
Specified purpose:		
Scholarships	\$ 10,468,296	\$ 9,432,453
Program support	5,007,347	4,266,997
Total	<u><u>\$ 15,475,643</u></u>	<u><u>\$ 13,699,450</u></u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

The endowment net asset composition by type of fund as of June 30, 2024 and 2023 were as follows:

	<u>June 30, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Donor-restricted endowment funds:			
Original amount	\$ -	\$ 9,238,608	\$ 9,238,608
Accumulated gains	- -	4,109,775	4,109,775
Quasi endowment funds	<u>89,796</u>	- -	<u>89,796</u>
Total	<u>\$ 89,796</u>	<u>\$ 13,348,383</u>	<u>\$ 13,438,179</u>
 <u>June 30, 2023</u>			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Donor-restricted endowment funds:			
Original amount	\$ -	\$ 8,527,791	\$ 8,527,791
Accumulated gains	- -	3,403,002	3,403,002
Quasi endowment funds	<u>85,276</u>	- -	<u>85,276</u>
Total	<u>\$ 85,276</u>	<u>\$ 11,930,793</u>	<u>\$ 12,016,069</u>

REQUIRED SUPPLEMENTARY INFORMATION

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Years Ended June 30, 2024 and 2023

Schedules of Proportionate Share of the Net Pension Liability

Plan Year	College's proportion of the collective net pension liability (asset)	College's proportionate share of the net pension liability (asset)	College's covered payroll	College's proportionate share of the collective pension liability (amount) as a percentage of the College's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
State Teachers Retirement System (STRS)					
2024	0.30284%	\$65,216,436	\$42,466,847	153.57%	80.00%
2023	0.31420%	\$69,847,376	\$42,192,574	165.54%	78.90%
2022	0.31228%	\$39,928,391	\$39,885,908	100.11%	87.80%
2021	0.32056%	\$77,563,775	\$41,538,937	186.73%	75.50%
2020	0.34761%	\$76,871,993	\$39,062,517	196.79%	77.40%
2019	0.35438%	\$77,919,147	\$39,633,414	196.60%	77.30%
2018	0.34452%	\$81,840,400	\$38,126,183	214.66%	75.29%
2017	0.35323%	\$118,235,708	\$37,701,940	313.61%	66.78%
2016	0.39448%	\$109,021,783	\$39,747,965	274.28%	72.10%
2015	0.38931%	\$94,694,808	\$39,228,052	241.40%	74.71%
Ohio Public Employees Retirement System (OPERS)					
2024	0.25374%	\$64,865,022	\$45,622,374	142.18%	79.39%
2023	0.25434%	\$73,961,659	\$45,464,826	162.68%	76.07%
2022	0.25464%	\$20,240,305	\$42,369,430	47.77%	93.01%
2021	0.25561%	\$36,434,011	\$42,469,977	85.79%	87.21%
2020	0.24700%	\$47,862,255	\$38,669,533	123.77%	82.44%
2019	0.24895%	\$67,669,540	\$36,862,111	183.57%	74.91%
2018	0.24546%	\$37,898,902	\$35,162,517	107.78%	84.85%
2017	0.24041%	\$54,375,842	\$34,035,381	159.76%	77.39%
2016	0.24594%	\$42,408,738	\$34,200,224	124.00%	81.19%
2015	0.25480%	\$30,631,908	\$35,928,988	85.26%	86.53%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Years ended June 30, 2024 and 2023

Schedules of Pension Contributions

Plan Year	Contributions in relation to the actuarially determined contractually required contribution		Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered employee payroll
	Statutorily required contribution	Contractually required contribution			
State Teachers Retirement System (STRS)					
2024	\$5,726,577	\$5,726,577	\$0	\$44,040,222	13.00%
2023	\$5,718,676	\$5,718,676	\$0	\$42,466,847	13.47%
2022	\$5,394,742	\$5,394,742	\$0	\$42,192,574	12.79%
2021	\$5,416,098	\$5,416,098	\$0	\$39,885,908	13.58%
2020	\$5,713,516	\$5,713,516	\$0	\$41,538,937	13.75%
2019	\$5,640,113	\$5,640,113	\$0	\$39,062,517	14.44%
2018	\$5,302,536	\$5,302,536	\$0	\$39,633,414	13.38%
2017	\$5,203,277	\$5,203,277	\$0	\$38,126,183	13.65%
2016	\$5,761,983	\$5,354,650	\$407,333	\$37,701,940	14.20%
2015	\$5,568,809	\$5,779,151	(\$210,342)	\$39,747,965	14.54%
Ohio Public Employees Retirement System (OPERS)					
2024	\$6,576,761	\$6,576,761	\$0	\$48,224,065	13.64%
2023	\$6,234,593	\$6,234,593	\$0	\$45,622,374	13.67%
2022	\$5,875,482	\$5,875,482	\$0	\$45,464,826	12.92%
2021	\$5,698,269	\$5,698,269	\$0	\$42,369,430	13.45%
2020	\$5,515,205	\$5,515,205	\$0	\$42,469,977	12.99%
2019	\$5,350,294	\$5,350,294	\$0	\$38,669,533	13.84%
2018	\$5,132,581	\$5,132,581	\$0	\$36,862,111	13.92%
2017	\$4,877,063	\$4,877,063	\$0	\$35,162,517	13.87%
2016	\$4,783,467	\$4,763,754	\$19,713	\$34,035,381	14.00%
2015	\$4,883,767	\$4,666,770	\$216,997	\$34,200,224	13.65%

**SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Years ended June 30, 2024 and 2023**

Changes to Benefit Terms: Effective for 2024, STRS implemented a one-time 1% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during Fiscal Year 2024 and a plan change to provide unreduced retirement benefits to those with 34 Years of Service, which extends through Fiscal Year 2028.

Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during Fiscal Year 2023 and eliminated the age 60 requirement (effective August 1, 2026).

There were no changes in benefit terms affecting the OPERS plan.

Changes of Assumptions (STRS): During the plan year ended June 30, 2023, there were no changes to key assumptions for STRS.

During the plan year ended June 30, 2022, there were changes to several assumptions for STRS based on an updated experience study for the five-year period ended June 30, 2021. The projected salary increase range changed from 2.5-12.5 percent to 2.5-8.5 percent. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended June 30, 2021, the investment rate of return decreased from 7.45 percent to 7.00 percent.

During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

Changes of Assumptions (OPERS): During the plan year ended December 31, 2023 and 2022, there were no changes to key assumptions.

During the plan year ended December 31, 2021, there were changes to several assumptions for OPERS. The discount rate was reduced from 7.50 percent to 6.90 percent. The wage inflation dropped from 3.25 percent to 2.75 percent. The projected salary increase range changed from 3.25-10.75 percent to 2.75-10.75 percent. The experience study changed from the 5 year period ended December 31, 2015 to the 5 year period ended December 31, 2020. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended December 31, 2018, the discount rate was reduced from 7.5 percent to 7.2 percent.

During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Years Ended June 30, 2024 and 2023

Schedules of Proportionate Share of the Net OPEB Liability (Asset)

Plan Year	College's proportion of the collective net OPEB liability (asset)	College's proportionate share of the net OPEB liability (asset)	College's covered payroll	College's proportionate share of the collective OPEB liability (amount) as a percentage of the College's covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
State Teachers Retirement System (STRS)					
2024	0.30284%	(\$5,890,000)	\$42,466,847	-13.87%	168.50%
2023	0.31420%	(\$8,136,000)	\$42,192,574	-19.28%	230.70%
2022	0.31228%	(\$6,584,000)	\$39,885,908	-16.51%	174.70%
2021	0.32056%	(\$5,634,000)	\$41,538,937	-13.56%	182.10%
2020	0.34761%	(\$5,757,266)	\$39,062,517	-14.74%	174.70%
2019	0.35438%	(\$5,694,000)	\$39,633,414	-14.37%	176.00%
2018	0.34452%	\$13,441,724	\$38,126,183	35.26%	47.11%
Ohio Public Employees Retirement System (OPERS)					
2024	0.26610%	(\$2,401,616)	\$45,622,374	-5.26%	107.76%
2023	0.26757%	\$1,687,055	\$45,464,826	3.71%	94.79%
2022	0.26913%	(\$8,429,501)	\$42,369,430	-19.90%	128.23%
2021	0.26913%	(\$4,794,766)	\$42,469,977	-11.29%	115.57%
2020	0.26075%	\$36,016,901	\$38,669,533	93.14%	47.80%
2019	0.26348%	\$34,351,051	\$36,862,111	93.19%	46.33%
2018	0.25883%	\$28,107,032	\$35,162,517	79.93%	54.14%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Years Ended June 30, 2024 and 2023

Schedules of OPEB Contributions

Plan Year	Contributions in relation to the actuarially determined contractually required contribution			College's covered payroll	Contributions as a percentage of covered employee payroll
	Statutorily required contribution	Contribution deficiency (excess)	College's covered payroll		
State Teachers Retirement System (STRS)					
2024	\$0	\$0	\$0	\$44,040,222	0.00%
2023	\$0	\$0	\$0	\$42,466,847	0.00%
2022	\$0	\$0	\$0	\$42,192,574	0.00%
2021	\$0	\$0	\$0	\$39,885,908	0.00%
2020	\$0	\$0	\$0	\$41,538,937	0.00%
2019	\$0	\$0	\$0	\$39,062,517	0.00%
2018	\$0	\$0	\$0	\$39,633,414	0.00%
Ohio Public Employees Retirement System (OPERS)					
2024	\$0	\$0	\$0	\$48,224,065	0.00%
2023	\$0	\$0	\$0	\$45,622,374	0.00%
2022	\$0	\$0	\$0	\$45,464,826	0.00%
2021	\$0	\$0	\$0	\$42,369,430	0.00%
2020	\$0	\$0	\$0	\$42,469,977	0.00%
2019	\$0	\$0	\$0	\$38,669,533	0.00%
2018	\$0	\$0	\$0	\$36,862,111	0.00%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Years Ended June 30, 2024 and 2023

Changes to Benefit Terms: During the plan year ended June 30, 2023, 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.

There were no significant changes in benefit terms affecting the OPERS plan.

Changes of Assumptions (STRS): During the plan year ended June 30, 2023, there were changes in the healthcare and trend assumptions based on emerging claims and recoveries experience as well as benefit changes effective January 1, 2024 for STRS.

During the plan year ended June 30, 2022, there were changes to several assumptions for STRS based on an updated experience study for the five-year period ended June 30, 2021. The projected salary increase range changed from 2.5-12.5 percent to 2.5-8.5 percent. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended June 30, 2021, the investment rate of return decreased from 7.45 percent to 7.00 percent. The health care cost trend rates also decreased from 4.93 percent to 9.62 percent initial and 4.00 percent ultimate for plan year ended June 30, 2020, to 16.20 percent to 30.00 percent initial and 4 percent ultimate for plan year ended June 30, 2021.

During the plan year ended June 30, 2018, there were changes to several assumptions for STRS. The health care cost trend rates decreased from 6.00 percent to 11.00 percent initial and 4.50 percent ultimate for plan year ended June 30, 2017, to (5.23) percent to 9.62 percent initial and 4 percent ultimate for plan year ended June 30, 2018. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 percent to the investment rate of return of 7.45 percent based on the cash flow analysis.

Changes of Assumptions (OPERS): During the plan year ended December 31, 2023, the health care cost trend rate changed to 5.50% initial, 3.50% ultimate in 2038 from 5.50% initial, 3.50% ultimate in 2036 in 2022. In addition, the discount rate was increased from 5.22% to 5.70% and the municipal bond rate was decreased from 4.05% to 3.77%.

During the plan year ended December 31, 2022, the health care cost trend rate changed to 5.50% initial, 3.5% ultimate in 2036 from 5.50% initial, 3.5% ultimate in 2034 in 2021. In addition, the discount rate was reduced from 6.00 percent to 5.22 percent.

During the plan year ended December 31, 2021, there were changes to several assumptions for OPERS. The experience study changed from the 5-year period ended December 31, 2015 to the 5-year period ended December 31, 2020. The municipal bond rate decreased from 2.00 percent to 1.84 percent. Wage inflation decreased from 3.25 percent to 2.75 percent. The projected salary increase range changed from 3.25-10.75 percent to 2.75-10.75 percent. Health care cost trend rate decreased from 8.50 percent initial, 3.50 percent ultimate in 2035 to 5.50 percent initial, 3.50 percent ultimate in 2034.

During the plan year ended December 31, 2020, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.5 percent initial and 3.50 percent ultimate to 8.5 percent initial and 3.50 percent ultimate. The discount rate was increased from 3.16 percent to 6.00 percent.

During the plan year ended December 31, 2019, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.0 percent initial and 3.25 percent ultimate to 10.5 percent initial and 3.5 percent ultimate. The discount rate was reduced from 3.96 percent to 3.16 percent.

SUPPLEMENTARY INFORMATION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Sinclair Community College

We have audited, 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, the financial statements of the business-type activities and discretely presented component unit of Sinclair Community College (the "College") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 12, 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 College'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*.

To Management and the Board of Trustees
Sinclair Community College

Purpose of this Report

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

Plante & Moran, PLLC

November 12, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Sinclair Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sinclair Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2024. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program 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 (GAAS); 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* (the "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 program.

To the Board of Trustees
Sinclair Community College

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *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.

To the Board of Trustees
Sinclair Community College

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.

Plante & Moran, PLLC

November 12, 2024

Sinclair Community College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster - U.S. Department of Education:				
Federal Supplemental Education Opportunity Grant Program	84.007	N/A	\$ -	\$ 528,707
Federal Work-Study Program	84.033	N/A	-	175,457
Federal Pell Grant Program	84.063	N/A	-	24,452,050
Federal Direct Student Loans	84.268	N/A	-	15,644,942
Total Student Financial Assistance Cluster			-	40,801,156
Trio Cluster - U.S. Department of Education:				
Trio Upward Bound	84.047A	N/A	-	589,347
Trio Student Support Services	84.042A	N/A	-	311,854
Trio Talent Search Program	84.044A	N/A	-	747,228
Total Trio Cluster			-	1,648,429
Research and Development Cluster:				
Department of Defense:				
National Defense Educational Program - Air Force Research Laboratory - Regional Fabrication & Certification Training Labs - Digital Thread Technologies - Pass through ARCTOS Technology Solutions	12.006	165524.09.00.0001.00.03 & 248440.01.00.0000.00.04-C3	-	1,093,668
National Defense Educational Program - Office of Naval Research - Ohio TechNet Defense Industrial Base STEM Consortium - Pass through Lorain County Community College	12.006	N/A	-	291,964
Basic and Applied Scientific Research - Pass through Lorain County Community College	12.300	N/A	-	146,365
DOD, NDEP, DOTC-STEM Education Outreach Implementation - Pass Through RTI International	12.560	28-312-0216908-66551L	-	206,122
Total Department of Defense			-	1,738,119
Federal Aviation Administration - Department of Transportation - Air Transportation Centers of Excellence - Pass through Kansas State University	20.109	N/A	-	373,400
National Science Foundation:				
Engineering Grants - Pass through Embry-Riddle Aeronautical University	47.041	61652-S1	-	5,764
Education and Human Resources	47.076	N/A	-	180,319
Education and Human Resources	47.076	N/A	-	164,503
Education and Human Resources	47.076	N/A	-	181,643
Education and Human Resources	47.076	N/A	-	178,643
Education and Human Resources	47.076	N/A	-	88,367
Education and Human Resources	47.076	N/A	-	150,135
Education and Human Resources	47.076	N/A	5,083	66,459
Education and Human Resources	47.076	N/A	-	66,118
Education and Human Resources - Pass through Whatcom Community College	47.076	N/A	-	23,077
Education and Human Resources - Pass through Columbus State Community College	47.076	N/A	-	9,154
Education and Human Resources - Pass through The Ohio State University	47.076	SPC-1000004398	-	35,724
Total National Science Foundation			5,083	1,149,906
Department of Homeland Security:				
State and Local Homeland Security National Training Program - Pass through Mississippi State University	97.005	193700.364108.03	-	59,473
State and Local Homeland Security National Training Program - Pass through Mississippi State University	97.005	193700.364447.01	-	2,176
Total Department of Homeland Security			-	61,649
Total Research and Development Cluster			5,083	3,323,074

Sinclair Community College

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2024

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other programs:				
National Security Agency:				
NCAE-C Program - Pass through Wright State University	12.905	671757-1	\$ -	\$ 8,868
Cybersecurity Core Curriculum - Pass through University of Colorado-Colorado Springs	12.905	20-144-9	<u>-</u>	<u>191,468</u>
Total National Security Agency			<u>-</u>	200,336
Department of Justice - Bulletproof Vest Partnership Program	16.607	N/A	<u>-</u>	1,598
Department of Labor:				
H-1B Job Training Grant	17.268	N/A	<u>-</u>	46,696
WIOA National Dislocated Worker Grant - Pass through University of Dayton	17.277	SUB-23-000052	<u>-</u>	<u>29,072</u>
Total Department of Labor			<u>-</u>	75,768
Department of State:				
Academic Exchange Programs - Undergraduate Programs - Pass through World Learning	19.009	CBPSA19-Sinclair	<u>-</u>	6,488
Academic Exchange Programs - Undergraduate Programs - Pass through Northern Virginia Community College	19.009	N/A	<u>-</u>	<u>218,040</u>
Total Department of State			<u>-</u>	224,528
U.S. Small Business Administration - Congressional Community Project Funding	59.086	N/A	<u>-</u>	223,349
Department of Veteran Affairs - Post-9/11 Veterans Educational Assistance	64.027	N/A	<u>-</u>	9,746
U.S. Department of Education:				
Undergraduate International Studies and Foreign Language Programs	84.016A	N/A	<u>-</u>	86,026
Special Education - Grants to States - Pass through Wright State University	84.027	671777-1	<u>-</u>	13,328
Higher Education - Institutional Aid	84.031A	N/A	<u>-</u>	146,034
Child Care Access Means Parents in School	84.335A	N/A	<u>-</u>	534,596
Career and Technical Education - Basic Grants to States - Pass through Ohio Department of Education	84.048	20-C2 2005	<u>-</u>	<u>591,990</u>
Total U.S. Department of Education			<u>-</u>	1,371,974
Department of Health and Human Services:				
Community Project Funding/Congressionally Directed Spending	93.493	N/A	<u>-</u>	603,218
Temporary Assistance for Needy Families - Pass through Montgomery County - Department of Jobs and Family Services	93.558	CE#900328, CE#000105	<u>-</u>	<u>300,000</u>
Total Department of Health and Human Services			<u>-</u>	<u>903,218</u>
Total federal awards			\$ 5,083	\$ 48,783,176

Notes to Schedule of Expenditures of Federal Awards**Year Ended June 30, 2024****Note 1 - Basis of Presentation**

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

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on accrual basis of accounting. Such expenditures are recognized following 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 represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

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 - Adjustments and Transfers

The College carried forward \$4,613 of Federal Supplemental Education Opportunity Grant (FSEOG) Program (84.007) funds from the 2022-2023 award year, which was spent in the 2023-2024 award year. The College carried forward \$47,944 of FSEOG Program funds from the 2023-2024 award year to be spent in the 2024-2025 award year. During 2024, the College also transferred and spent \$75,000 of Federal Work-Study Program (84.033) funds in the FSEOG Program.

Sinclair Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported
Noncompliance material to financial statements noted?			
	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?			
	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster	Unmodified
Dollar threshold used to distinguish between type A and type B programs:	\$1,463,495	
Auditee qualified as low-risk auditee?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> X No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None



Sinclair Community College

June 30, 2024

Summary Schedule of Prior Audit Findings

Prior Year Finding Number:

2023-001

Fiscal Year in Which the Finding Initially Occurred:

2023

Federal Program, Assistance Listing Number and Name:

ALN 84.063 and 84.268; Department of Education; Federal Pell Grant Program and Federal Direct Loan Program

Original Finding Description:

Sinclair Community College did not report student status changes timely and accurately for certain students who graduated or withdrew during the year.

Status/Partial Corrective Action (as applicable):

Fully Corrected

Planned Corrective Action:

No further action needed.

OHIO AUDITOR OF STATE KEITH FABER



SINCLAIR COMMUNITY COLLEGE

MONTGOMERY 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 1/21/2025

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

This report is a matter of public record and is available online at
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