CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

# MARION TECHNICAL COLLEGE

# MARION COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Marion Technical College
1467 Mount Vernon Avenue
Marion, Ohio 433022

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 04, 2024

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CLARK SCHAEFER HACKETT
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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees
Marion Technical College
Marion, Ohio

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

***Opinions***

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

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

***Basis for Opinions***

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

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

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Required Supplementary Information*

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

***Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the schedules of the Board of Trustees and the Administrative Personnel but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 27, 2023

The discussion and analysis of Marion Technical College's financial statements provides an overview of the College's financial activities for the year ending June 30, 2023. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains financial activities of Marion Technical College.

**Using This Annual Report**

This annual financial report includes three financial statements:

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

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

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

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

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

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

**Statement of Net Position**

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

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

| | 2023 | 2022 | Change |
|---|---|---|---|
| Current assets | $ 11,906,888 | $ 12,735,829 | $ (828,941) |
| Noncurrent assets | 11,002,831 | 8,404,171 | 2,598,660 |
| Total assets | 22,909,719 | 21,140,000 | 1,769,719 |
| Deferred outflows of resources | 3,687,842 | 3,596,984 | 90,858 |
| Current liabilities | 4,206,574 | 6,168,968 | (1,962,394) |
| Noncurrent liabilities | 15,285,134 | 10,120,942 | 5,164,192 |
| Total liabilities | 19,491,708 | 16,289,910 | 3,201,798 |
| Deferred inflows of resources | 3,937,602 | 9,248,168 | (5,310,566) |
| Net position | | | |
| Net investment in capital assets | 9,915,775 | 7,504,933 | 2,410,842 |
| Restricted | | | |
| Expendable | 449,646 | 440,194 | 9,452 |
| Unrestricted (deficit) | (7,197,170) | (8,746,221) | 1,549,051 |
| Total net position | $ 3,168,251 | $ (801,094) | $ 3,969,345 |

- Current assets decreased by $828,941 or 6.5% from 2022 to 2023 due to a decrease in cash and investments driven by repayment of the Ohio State University cost share agreement, a decrease in other receivables primarily driven by the college's grant portfolio, and an increase in student receivables associated with increased summer enrollment.

- Noncurrent assets increased by $2,598,660 or 30.9% driven by the transfer of ownership of Bryson Hall to the College and capitalization of renovations completed on Bryson Hall.

- Current liabilities decreased by $1,962,394 due primarily to repayment of the Ohio State University cost share agreement.

- Noncurrent liabilities increased by $5,164,192 due to an increase in the net pension liability.

- Changes in the deferred inflows and outflows of resources are a direct result of pension plan performance at both SERS and STRS and other post-employment benefits.

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the College. A summary of the College's revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022 is as follows:

| | 2023 | 2022 | Change |
|---|---|---|---|
| Operating revenues | | | |
| Student tuition and fees, net | $ 5,270,053 | $ 4,536,157 | $ 733,896 |
| Grants and contracts | 1,652,386 | 1,338,408 | 313,978 |
| Other operating revenues | 307,139 | 194,805 | 112,334 |
| Total operating revenues | 7,229,578 | 6,069,370 | 1,160,208 |
| Operating expenses | 18,260,186 | 16,726,387 | 1,533,799 |
| Operating loss | (11,030,608) | (10,657,017) | (373,591) |
| Nonoperating revenues (expenses) | | | |
| State appropriations | 7,680,203 | 7,737,285 | (57,082) |
| Federal grants | 4,143,403 | 5,397,063 | (1,253,660) |
| Investment income | 174,777 | 4,495 | 170,282 |
| Capital appropriations and gifts | 3,001,570 | 344,464 | 2,657,106 |
| Net nonoperating revenues (expenses) | 14,999,953 | 13,483,307 | 1,516,646 |
| Increase in net position | 3,969,345 | 2,826,290 | 1,143,055 |
| Net position - beginning of year | (801,094) | (3,627,384) | 2,826,290 |
| Net position - end of year | $ 3,168,251 | $ (801,094) | $ 3,969,345 |

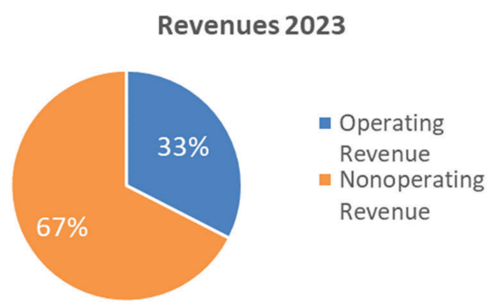
The College's two major sources of revenue are operating (tuition and fees) and nonoperating (the state share of instruction). Both types of revenue are tied to enrollment, with tuition and fees being generated via student registrations. Registrations drive revenue based on individual credit hours of enrollment.

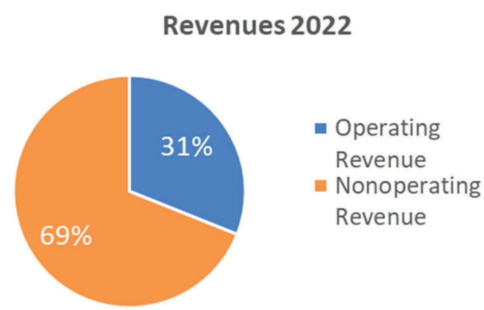
The state share of instruction is distributed through a funding formula which is 100 percent performance based. The funding model includes three major components: course completion, success points and attainment or credential completion. Course completion is 50 percent of the formula based on students receiving a "D" or better for their course work. Success points are 25 percent of the formula and are based on when the student reaches 12, 24 and 36 completed credit hours. The remaining 25 percent of the formula is for attainment or credential completion which includes degree attainment, certificate attainment and a component for student transfer to an Ohio public or private institution.

- Operating revenues – (Student Tuition and Fees, Net) increased primarily due to increased enrollment and use of inclusive access in courses, and (Grants and Contracts) increased given an increase in the number of grants managed by the College.
- Operating expenses – The increase is associated with the adjustment to net pension and other post retirement liabilities, increased grant spending offset by decreased HEERF spending.
- Nonoperating revenues – (Federal grants) decrease is attributable to federal student and institutional HEERF funds. (Capital Appropriations and Gifts) increase is driven by state capital funding for renovations to Bryson Hall and the acceptance of Bryson Hall gifted by The Ohio State University Marion.

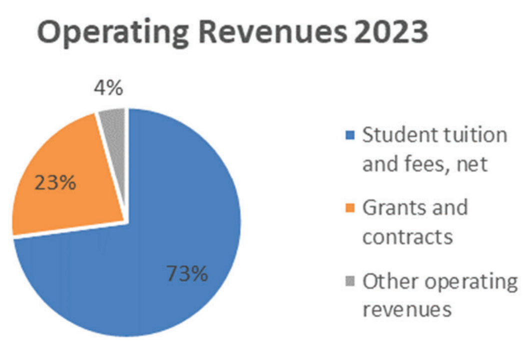
**Operating Revenue**

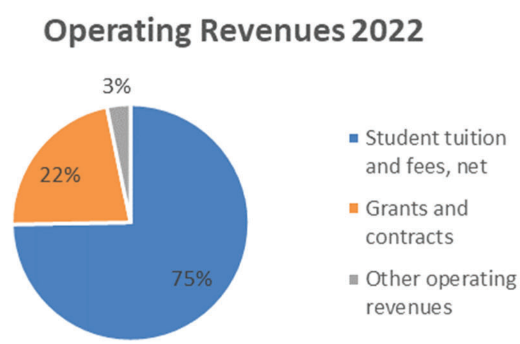
The charts below present total revenue by category for the fiscal years ended June 30, 2023 and 2022:




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




**Operating Revenue**

- State legislation allowed for a tuition increase of $5.00 per credit hour, 2.56%, for fiscal year 2023. The increase was effective fall 2022.

- The College experienced increased enrollment in 2023 resulting in higher tuition revenue from registrations. Overall credit hours increased by 11.7% from 2022 to 2023 driven by College Credit Plus and Prison Program enrollments.

- Scholarship allowances increased 40% in fiscal year 2023, due to increased student enrollment and a procedural change to Second Chance PELL prison billing resulting in an increase in net tuition revenue between fiscal years. Scholarship allowances totaled $2,393,123 and $1,708,679 for fiscal years 2023 and 2022, respectively.

- Grant and contract revenue increased in fiscal year 2023 by $313,978 or 23.5%. Significant changes include the impacts of new grants to the College, including the TRIO Talent Search grant in its first full year and partnership grants with Marion City Schools.

**Nonoperating Revenue**

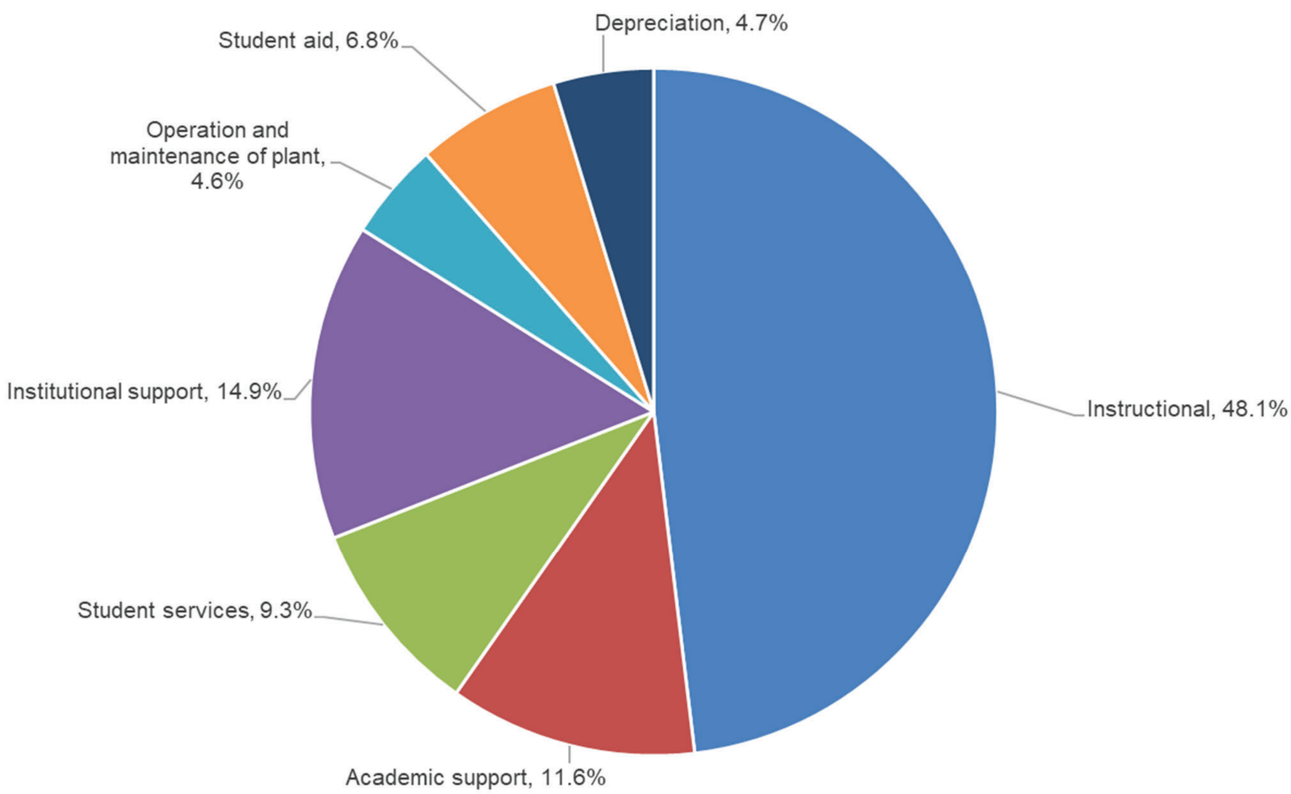
- The College's largest single source of revenue is the nonoperating revenue received from the State of Ohio. The College's State share of instruction amounted to $7,680,223 and $7,737,285 in fiscal years 2023 and 2022, respectively.

- Federal Grants decreased as a result of the College utilizing the remaining federal HEERF funds of $1,554,392 in fiscal year 2023 compared to $3,269,875 in fiscal year 2022.

- Pell grants increased in fiscal year 2023 by $300,732 or 14.1% compared to fiscal year 2022. This increase is attributed to an increase in enrollment and an increase in participation in the Second Chance PELL program by incarcerated students compared to fiscal year 2022.

**Operating Expenses**

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




The change in expenses in FY 2023 was the result of:

- Increased percentages in the following: Instructional, 3.5%, related to the adjustment to net pension and other post retirement liabilities, Academic Support, 1.5%, connected to the increase in grant fund spending, Institutional Support, 2.2%, driven by the adjustment to net pension and other post retirement liabilities and less capitalization of HEERF funded expenditures in FY23.

- Decreased percentages in the following: Student Services, -2.4% and Student Aid, -5.0%, related to decreased spending and aid funded through the HEERF program.

The following table shows a comparison of total operating expenses per FTE for fiscal years 2023 and 2022. Total operating expenses per FTE student decreased by $306 during fiscal year 2023.

| | 2023 | 2022 | Change | % Change |
|---|---|---|---|---|
| Total operating expenses | $ 18,260,186 | $ 16,726,387 | $ 1,533,799 | 9.2% |
| FTE Enrollment | 1,406.1 | 1,258.3 | 147.8 | 11.7% |
| Total operating expense per FTE | $ 12,986 | $ 13,293 | $ (306) | -2.3% |

- The decrease in operating expenses is directly attributable to the annual adjustment to the pension and post retirement liability and a reduced level of HEERF spending in fiscal year 2023. College FTE increased in fiscal year 2023 over 2022. The total operating expense per FTE decreased because operating expenses did not increase proportionately to the FTE.

**Capital and Debt Administration**

Capital Assets

At June 30, 2023 and 2022, the College had $9,915,775 and $7,504,933 respectively, invested in capital assets.

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

| | 2023 | 2022 |
|---|---|---|
| Machinery and Equipment | $ 760,341 | $ 787,861 |
| Computers and Computer Equipment | 434,789 | 443,198 |
| Vehicles | 173,871 | 217,339 |
| Land and Leasehold Improvements | 3,205,454 | 1,574,718 |
| Building | 5,341,320 | 4,128,783 |
| Construction in Progress | - | 353,034 |
| | $ 9,915,775 | $ 7,504,933 |

- Capital additions this year included the renovation of Bryson Hall, purchase of classroom and lab equipment, and IT infrastructure upgrades to support remote instruction, student needs, and network security and capacity. The increase is also attributable to gifting of Bryson Hall to the College from The Ohio State University Marion.

- The College's planning for capital expenditures is dependent on the approval of the state capital budget. The state capital cycle for 2023-2024 includes funding for renovations to Bryson Hall, replacement of the Library roof and façade, and redesign of the Library Plaza and adjoining edge of campus pond. Additional funding for classroom and lab equipment is provided by ODHE through the Regionally Aligned Priorities in Developing Skills (RAPIDS) program. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

Debt

At June 30, 2023, the College had no debt.

**The Statement of Cash Flows**

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the College during the year ended June 30, 2023. The following is a summary of the Statement of Cash Flows for the years ended June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Cash provided (used) by: | | |
| Operating activities | $ (12,749,037) | $ (12,171,977) |
| Noncapital financing activities | 12,100,114 | 13,110,925 |
| Capital and related financing activities | (156,414) | (600,052) |
| Investing activities | (3,970,000) | - |
| Net change in cash | (4,775,337) | 338,896 |
| Cash, beginning of year | 7,660,300 | 7,321,404 |
| Cash, end of year | $ 2,884,963 | $ 7,660,300 |

**Economic Factors that Will Affect the Future**

**Fiscal Year 2024 and Beyond**

The College planned for flat enrollment in general, College Credit Plus, and incarcerated student populations for fiscal year 2024 based on trend analysis. Traditional student tuition increased by $5 per credit hour for the fall 2023 semester, as permitted by state law and state budget.

While fall general enrollments are stronger than projected, the number of high school graduates in the state continues to decline. The college continues to monitor program metrics and industry demands very closely. The College planned for flat enrollment in College Credit Plus (CCP) students after seeing a notable increase in FY23. CCP enrollments are stronger than planned and the number of high schools and high school students taking college courses continues to increase. Enrollments in Prison Programs are up substantially against flat projections for FY24.

State subsidy, as appropriated, increased by 3.19% for the upcoming fiscal year. This includes a 1.5% increase to the overall state subsidy pool and improved completion and success metrics for the College. The preliminary subsidy estimate is pending updated fall results, and is subject to further change by the State of Ohio. The College continues to manage expenses cautiously including careful review of position vacancies. Expenses and revenues are measured and adjusted with each semester enrollment milestone. HEERF funds were fully expended at June 30, 2023.

**Strategic Planning**

The College continues to focus strategic planning on student, community, and institutional success with organizational resources concentrated to support each. The college stays focused on completion and success metrics that compliment those upon which the State Share of Instruction (SSI) model is built upon. The College remains invested in the development of staff, students, and the local community and continues to pursue grant and partnership opportunities that support strategic initiatives.

Marion Technical College
Statement of Net Position
June 30, 2023

| Assets | College | Component Unit Foundation |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | $ 2,458,616 | $ 214,871 |
| Cash with fiscal agent | 426,347 | - |
| Investments | 5,759,769 | - |
| Student accounts receivable, net | 1,151,223 | - |
| Inventory | 18,782 | - |
| Prepaid expenses | 35,692 | - |
| Other receivables, net | 2,056,459 | - |
| Total current assets | 11,906,888 | 214,871 |
| **Noncurrent assets** | | |
| Investment with fiscal agent | - | 1,232,872 |
| Net OPEB asset | 1,087,056 | - |
| Capital assets, net of depreciation | 9,915,775 | - |
| Total noncurrent assets | 11,002,831 | 1,232,872 |
| Total assets | 22,909,719 | 1,447,743 |
| **Deferred outflows of resources** | | |
| OPEB | 442,555 | - |
| Pensions | 3,245,287 | - |
| Total deferred outflows of resources | 3,687,842 | - |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable | 837,983 | - |
| Accounts payable - OSUM | 2,046,966 | - |
| Accrued payroll | 548,970 | - |
| Claims payable | 220,327 | - |
| Unearned revenue | 169,089 | - |
| Accrued compensated absences | 383,239 | - |
| Total current liabilities | 4,206,574 | - |
| **Noncurrent liabilities** | | |
| Accrued compensated absences | 228,531 | - |
| Net OPEB liability | 1,123,016 | - |
| Net pension liability | 13,933,587 | - |
| Total noncurrent liabilities | 15,285,134 | - |
| Total liabilities | 19,491,708 | - |
| **Deferred inflows of resources** | | |
| OPEB | 2,378,721 | - |
| Pensions | 1,558,881 | - |
| Total deferred inflows of resources | 3,937,602 | - |
| **Net position** | | |
| Investment in capital assets | 9,915,775 | - |
| Restricted | | |
| Expendable | | |
| Student grants and scholarships | 87,804 | - |
| Instructional department uses | 361,842 | - |
| Unrestricted (deficit) | (7,197,170) | 1,447,743 |
| Total net position | $ 3,168,251 | $ 1,447,743 |

See accompanying notes to financial statements.

| | College | Component Unit Foundation |
|---|---|---|
| Operating revenues | | |
| Student tuition and fees, | | |
| (net of scholarship allowance of $2,393,123) | $ 5,270,053 | $ - |
| Federal grants and contracts | 1,034,451 | - |
| State and local grants and contracts | 617,935 | - |
| Contributions | - | 396,200 |
| Other operating revenues | 307,139 | - |
| Total operating revenues | 7,229,578 | 396,200 |
| Operating expenses | | |
| Educational and general | | |
| Instructional | 8,782,421 | - |
| Academic support | 2,126,429 | - |
| Student services | 1,695,859 | - |
| Institutional support | 2,719,504 | 52,376 |
| Operation and maintenance of plant | 836,966 | - |
| Student aid | 1,239,862 | 190,624 |
| General and administrative | - | 27,723 |
| Depreciation expense | 859,145 | - |
| Total operating expenses | 18,260,186 | 270,723 |
| Operating income (loss) | (11,030,608) | 125,477 |
| Nonoperating revenues | | |
| State appropriations | 7,680,203 | - |
| Investment income | 174,777 | 108,713 |
| Federal grants and contracts | 4,143,403 | - |
| Net nonoperating revenues | 11,998,383 | 108,713 |
| Gain before other revenues, expenses, gains, or losses | 967,775 | 234,190 |
| Capital gifts | 1,389,252 | - |
| Capital appropriations | 1,612,318 | - |
| Total other revenues, expenses, gains, or losses | 3,001,570 | - |
| Change in net position | 3,969,345 | 234,190 |
| Net position - beginning of year | (801,094) | 1,213,553 |
| Net position - end of year | $ 3,168,251 | $ 1,447,743 |

See accompanying notes to financial statements.

| | College |
|---|---|
| Cash flows from operating activities | |
| Tuition and fees | $ 4,473,056 |
| Grants and contracts | 1,652,386 |
| Supplier and related payments | (5,689,004) |
| Employee and related payments | (12,990,704) |
| Student and related payments | (501,910) |
| Other receipts | 307,139 |
| Net cash from operating activities | (12,749,037) |
| Cash flows from noncapital financing activities | |
| State appropriations | 7,680,203 |
| Federal grants revenue | 4,419,911 |
| Net cash from noncapital financing activities | 12,100,114 |
| Cash flows from capital financing activities | |
| Capital grants and gifts proceeds | 1,612,318 |
| Purchase of capital assets | (1,768,732) |
| Net cash from capital financing activities | (156,414) |
| Cash flow from investing activities | |
| Net purchase of investments | (4,144,777) |
| Income on investments | 174,777 |
| Net cash from investing activities | (3,970,000) |
| Net change in cash and cash equivalents | (4,775,337) |
| Cash and cash equivalents, beginning of year | 7,660,300 |
| Cash and cash equivalents, end of year | $ 2,884,963 |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | |
| Cash and cash equivalents | $ 2,458,616 |
| Cash with fiscal agent | 426,347 |
| | $ 2,884,963 |

(continued)

Marion Technical College
Statement of Cash Flows
Year Ended June 30, 2023
(continued)

| | | College |
|---|---|---|
| Reconciliation of operating loss to net cash from operating activities | | |
| Operating loss | $ | (11,030,608) |
| Adjustments to reconcile operating loss to net cash from operating activities | | |
| Depreciation expense | | 859,145 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | |
| Student accounts receivable, net | | (272,875) |
| Other receivables, net | | 55,616 |
| Inventory | | 6,718 |
| Prepaid expenses | | 132,414 |
| Net OPEB asset | | (187,818) |
| Deferred outflows of resources | | (90,858) |
| Accounts payable | | 200,686 |
| Unearned revenue | | 158,214 |
| Accounts payable - OSUM | | (2,550,317) |
| Accrued payroll | | 65,467 |
| Claims payable | | 52,437 |
| Net pension liability | | 5,508,916 |
| Net OPEB liability | | (303,470) |
| Compensated absences | | (42,138) |
| Deferred inflows of resources | | (5,310,566) |
| Net cash from operating activities | $ | (12,749,037) |
| Noncash capital and related financing activities: | | |
| Donated capital assets. See Notes to the Financial Statements, Note 4. | $ | 1,389,252 |
| Purchase of capital assets financed through accounts payable | $ | 112,003 |

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Description of Entity

Marion Technical College ("College") is a public, state assisted, two-year institution of higher learning. The College provides instructional programs in various fields and workforce development training. The College was chartered by the Ohio Department of Higher Education as a political subdivision in accordance with the provisions of Chapter 3357 of the Ohio Revised Code.

The College is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501(c)(3), and is therefore exempt from federal income taxes. Certain activities of the College may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

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

The College operates under the control of a board of trustees. The College is not a component unit of the State of Ohio, and therefore, is not included in its Annual Comprehensive Financial Report (ACFR).

### Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

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

- **Net investment in capital assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. At June 30, 2023, the College did not have any outstanding capital debt.

- **Restricted, nonexpendable** – Net position subject to externally-imposed stipulations that they be maintained permanently by the College.

- **Restricted, expendable** – Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These represent amounts for student services, and public service initiatives.

- **Unrestricted** – Net position that are not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

**Cash and Cash Equivalents**
Cash and cash equivalents consist of cash on hand and demand deposits with banks. For purposes of the statement of cash flows, the College considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents, except for those measured at net asset value per share. Cash and cash equivalents include cash and money market funds, stated at cost, which approximates fair value.

**Investments**
Investments are reported at fair value based on quoted market prices or net asset value per share, which approximates fair value. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statements of revenue, expense and changes in net position.

**Accounts Receivable**
Accounts receivable represents the balance of unpaid student tuition charges, federal and state grants receivable, and other receivables owed to the College. The allowance for doubtful accounts related to student receivables is based on historical collection rates and management's analysis. Management reviews the accounts receivable annually and adjusts the allowance to correspond with the collection rates.

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

**Inventories**
Inventories are comprised of ammunition purchased for the criminal justice programs in advance due to supply chain delays and are stated at actual cost using the first-in, first-out method.

**Capital Assets**
Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of the gift. In the absence of historical cost records, equipment is recorded at the current cost of replacement as of that date, based on an inventory and appraisal of the equipment by an independent appraisal firm. Land improvements, buildings and improvements, machinery, and equipment items costing $2,500 or more and having an estimated useful life of greater than one year are capitalized. Routine repairs and maintenance and items costing less than the capitalization thresholds are charged to operating expense in the year in which the expense is incurred.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital assets are capitalized and depreciated on a straight-line basis over the estimated useful life of the property as follows:

| Classification | Years |
|---|---|
| Land and Leasehold Improvements | 10-20 |
| Buildings and Improvements | 10-50 |
| Machinery and Equipment | 5-20 |
| Computer Equipment | 5-10 |
| Vehicles | 5-10 |

**Compensated Absences**
Noncurrent liabilities include compensated absences that will not be paid within the next fiscal year. Employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of the separation. Certain limits are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding the limits are forfeited. The estimated and accrued liability is recorded at year end in the statements of net position, and the net change from the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

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

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

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

**Pensions/Other Postemployment Benefits (OPEB)**
For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the retirement systems and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Operating and Nonoperating Revenues**
The College's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statements No. 34 and 35, including state appropriations and investment income. Pell grants are considered nonexchange transactions and are recorded as nonoperating revenues in the accompanying financial statements.

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

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

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

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

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**Upcoming Accounting Pronouncements**
The College is currently evaluating the impact that the following GASB Statements, effective for FY2024, may have on its financial statements:

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

**NOTE 2 – CASH AND INVESTMENTS**

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

<u>Cash with Fiscal Agent:</u> The College is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2023 was $426,347. This amount is not included in the "deposits" or "investments" reported below.

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

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

At June 30, 2023, the carrying amount of the College's cash and cash equivalents was $2,458,616 and the bank balances were $2,526,055. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the June 30, 2023 bank balances, $250,000 is covered by federal deposit insurance. The remaining balances of cash and cash equivalents are collateralized by the depository institution per Ohio Revised Code 135.182 or by a pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State (OPCS program).

**NOTE 2 – CASH AND INVESTMENTS** (Continued)

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

Investments: At June 30, 2023, investments included $5,759,769 in 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 Securities and Exchange Commission as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants.* The College measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

The total of deposits and investments, by type, at June 30, 2023 are as follows:

| | |
|---|---|
| Cash | $ 2,458,616 |
| Star Ohio | 5,759,769 |
| Total | $ 8,218,385 |

There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transactions to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the STAR Ohio investors will be combined for these purposes. STAR Ohio carries a rating of AAA by Standard and Poor's.

**Component Unit**

At June 30, 2023 the carrying and the bank balance amount of the Foundation's cash deposits was $214,871.

Credit Risk: As of June 30, 2023, the investment balance recorded on the Foundation's statement of net position is $1,232,872. These investments are held and managed by a local community foundation. In accordance with the Accounting Standards Codification (ASC) No. 958-325-25, "Recognition", the funds are to be maintained as assets within the College's Foundation accounting records. Under ASC No. 958-325-25, when a transfer of assets to a resource provider specifies itself or an affiliate as the beneficiary, the transaction is not considered a disbursement in the form of a contribution, but maintained as assets, even if the variance power has been explicitly granted to the recipient organization. Accordingly, the Foundation recognizes these funds as investments held by a fiscal agent.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy calls for a maximum exposure to the stock market shall be approximately sixty percent (60%) of the total portfolio. The remaining assets shall be invested in fixed income or short-term investments as outlined herein. Cash balances maintained as part of the normal course of business may be invested in a money market fund. As of June 30, 2023, these investments are held and managed by a local community foundation.

**NOTE 2 – CASH AND INVESTMENTS** (Continued)

Foreign Currency Risk: The Foundation does not have exposure for foreign exchange risk since none of its deposits or investments are held in foreign currencies.

Custodial Credit Risk: The Foundation's investments are not exposed to custodial credit risk as defined by Statement No. 40. All of the bank balances were insured by the FDIC at year-end.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Receivables at June 30, 2023 consisted of billings for student fees, contracts, and intergovernmental receivables arising from grants. All receivables are not considered collectible in full and an allowance for doubtful accounts was established as reflected in the financial statements.

The following is a summary of the accounts receivable as of June 30, 2023:

| | |
|---|---|
| Student receivables | $ 1,411,223 |
| Intergovernmental | 734,758 |
| Post-secondary | 739,340 |
| Sponsored billings | 431,515 |
| Other | 150,846 |
| Allowance for doubtful accounts | (260,000) |
| Total | $ 3,207,682 |

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of capital asset activity of the College for the year ended June 30, 2023:

| | Balance at June 30, 2022 | Additions | Transfers | Balance at June 30, 2023 |
|---|---|---|---|---|
| Nondepreciable capital assets: | | | | |
| Construction in progress | $ 353,034 | $ - | $ (353,034) | $ - |
| Total non depreciable capital assets | 353,034 | - | (353,034) | - |
| Depreciable capital assets: | | | | |
| Land and leasehold Improvements | 2,228,463 | 1,507,319 | 353,034 | 4,088,816 |
| Buildings | 5,679,359 | 1,389,252 | - | 7,068,611 |
| Machinery and equipment | 3,223,936 | 239,070 | - | 3,463,006 |
| Computer equipment | 2,949,019 | 134,346 | - | 3,083,365 |
| Vehicles | 483,961 | - | - | 483,961 |
| *Total depreciable capital assets* | 14,564,738 | 3,269,987 | 353,034 | 18,187,759 |
| Acumulated Depreciation: | | | | |
| Land and leasehold Improvements | 653,745 | 229,617 | - | 883,362 |
| Buildings | 1,550,576 | 176,715 | - | 1,727,291 |
| Machinery and equipment | 2,436,075 | 266,590 | - | 2,702,665 |
| Computer equipment | 2,505,821 | 142,755 | - | 2,648,576 |
| Vehicles | 266,622 | 43,468 | - | 310,090 |
| *Total accumulated depreciation* | 7,412,839 | 859,145 | - | 8,271,984 |
| Total depreciable capital assets, net | 7,151,899 | 2,410,842 | 353,034 | 9,915,775 |
| Capital assets, net | $ 7,504,933 | $ 2,410,842 | $ - | $ 9,915,775 |

**NOTE 4 – CAPITAL ASSETS (**Continued)

Marion Technical College is located on a shared campus with Ohio State University-Marion. On November 2, 2022 a Transfer of Jurisdiction was executed giving Marion Technical College ownership rights to the building at 1467 Mt. Vernon Ave, Marion Ohio. Previously, this building (Bryson Hall) was included in the real estate and property owned by Ohio State University. Marion Technical College had an appraisal done resulting in recording the donated building at acquisition value of $1,389,252.

**NOTE 5 – ACCOUNTS PAYABLE – OSU COST SHARING**

The College and the Marion Campus of the Ohio State University (OSU) share various common buildings and facilities. An agreement is being finalized whereby the College is billed by OSU for various operating expenses. At June 30, 2023, the college had payables of $2,046,966 due to OSU for this agreement.

**NOTE 6 – COMPENSATED ABSENCES**

Sick pay is accrued for all employees who meet or are projected to meet the retirement requirements of length of service and age within the next five years, in accordance with GASB 16, Accounting for Compensated Absences. Vacation pay was accrued for all eligible employees.

At June 30, 2023, compensated absences consisted of the following:

| | Balance July 1, 2022 | Increases | Decreases | Balance June 30, 2023 | Amount Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 653,908 | $ 484,533 | $ (526,671) | $ 611,770 | $ 383,239 |

**NOTE 7 – STATE SUPPORT**

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

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

Neither the obligation for the revenue bonds issued by the OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College’s financial statements. These are currently being funded through appropriations to the ODHE by the Ohio General Assembly.

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

## NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

### *Net Pension Liability*

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

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

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

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

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

### *Plan Description – School Employees Retirement System (SERS)*

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

Age and service requirements for retirement were as follows:

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

The College's contractually required contribution to SERS was $439,454 for fiscal year 2023. Of this amount, $19,193 is reported in accrued payroll for fiscal year 2023.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years if service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

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

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

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

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

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

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

The College's contractually required contribution to STRS was $753,599 for fiscal year 2023. Of this amount, $67,986 is reported in accrued payroll for fiscal year 2023.

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

***Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions***

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

| | SERS | STRS | Total |
|---|---|---|---|
| **Proportionate Share of the Net Pension Liability** | $ 4,600,911 | $ 9,332,676 | $ 13,933,587 |
| **Proportion of the Net Pension Liability** | 0.085063780% | 0.041982109% | |
| **Change in proportion** | 0.004528910% | -0.000667755% | |
| **Pension Expense** | $ 244,749 | $ 878,566 | $ 1,123,315 |
| **Deferred Outflows of Resources:** | | | |
| Differences between expected and actual experience | $ 186,340 | $ 119,470 | $ 305,810 |
| Net difference between projected and actual earnings on pension plan investments | - | 324,757 | 324,757 |
| Change in assumptions | 45,398 | 1,116,840 | 1,162,238 |
| Change in College's proportionate share and difference in employer contributions | 157,513 | 101,916 | 259,429 |
| College contributions subsequent to the measurement date | 439,454 | 753,599 | 1,193,053 |
| **Total Deferred Outflows** | $ 828,705 | $ 2,416,582 | $ 3,245,287 |
| **Deferred Inflows of Resources:** | | | |
| Differences between expected and actual experience | $ (30,204) | $ (35,699) | $ (65,903) |
| Net difference between projected and actual earnings on pension plan investments | (160,551) | - | (160,551) |
| Change in assumptions | - | (840,660) | (840,660) |
| Change in College's proportionate share and difference in employer contributions | (68,282) | (423,485) | (491,767) |
| **Total Deferred Inflows** | $ (259,037) | $ (1,299,844) | $ (1,558,881) |

$1,193,053 reported as deferred outflows of resources related to pension resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2024 | $ 30,699 | $ (103,066) | $ (72,367) |
| 2025 | 62,056 | (102,496) | (40,440) |
| 2026 | (229,350) | (377,784) | (607,134) |
| 2027 | 266,809 | 946,485 | 1,213,294 |
| | $ 130,214 | $ 363,139 | $ 493,353 |

***Actuarial Assumptions – SERS***

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

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

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

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

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

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

***Discount Rate –*** Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%), or one percentage point higher (8.0%) than the current rate.

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

| | 1% Decrease (6.00%) | Current Discount Rate of 7.00% | 1% Increase (8.00%) |
|---|---|---|---|
| College's proportionate share of the net pension liability | $ 6,772,321 | $ 4,600,911 | $ 2,711,527 |

***Actuarial Assumptions – STRS***

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

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

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

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

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

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

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

| | 1% Decrease (6.00%) | Current Discount Rate of 7.00% | 1% Increase (8.00%) |
|---|---|---|---|
| College's proportionate share of the net pension liability | $ 14,098,275 | $ 9,332,676 | $ 5,302,454 |

**Alternative Retirement Programs**

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement plan (ARP) for academic and administrative College employees of public institutions of higher education who are currently covered by the STRS and SERS. The College Board of Trustees adopted such a plan effective April 1999.

**NOTE 8 – DEFINED BENEFIT PENSION PLANS** (Continued)

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 2.91 percent. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting.

The ARP is a defined contribution plan under IRS Section 401(a). The College's total employer contributions to the ARP for the year ended June 30, 2023, were $90,876.

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

***Net OPEB Liability (Asset)***

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

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

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

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

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

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

***Plan Description – School Employees Retirement System***

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

***Funding Policy –*** State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, the minimum compensation amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the College's surcharge obligation was $11,821.

***Plan Description – State Teachers Retirement System (STRS)***

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

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

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

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

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

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

| | SERS | STRS | Total |
|---|---|---|---|
| **Proportionate Share of the Net OPEB Liability (Asset)** | $ 1,123,016 | $ (1,087,056) | $ 35,960 |
| **Proportion of the Net OPEB Liability (Asset)** | 0.079986327% | 0.041982109% | |
| **Change in proportion** | 0.004613777% | -0.000667755% | |
| **OPEB Expense (Negative)** | $ (103,990) | $ (198,247) | $ (302,237) |
| **Deferred Outflows of Resources:** | | | |
| Differences between expected and actual experience | $ 9,440 | $ 15,758 | $ 25,198 |
| Net difference between projected and actual earnings on OPEB plan investments | 5,836 | 18,923 | 24,759 |
| Change in assumptions | 178,629 | 46,304 | 224,933 |
| Difference between employer contributions and proportionate share of contributions | 149,987 | 5,857 | 155,844 |
| College contributions subsequent to the measurement date | 11,821 | - | 11,821 |
| **Total Deferred Outflows** | $ 355,713 | $ 86,842 | $ 442,555 |
| **Deferred Inflows of Resources:** | | | |
| Differences between expected and actual experience | $ (718,363) | $ (163,256) | $ (881,619) |
| Change in assumptions | (461,006) | (770,828) | (1,231,834) |
| Difference between employer contributions and proportionate share of contributions | (250,652) | (14,616) | (265,268) |
| **Total Deferred Inflows** | $ (1,430,021) | $ (948,700) | $ (2,378,721) |

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

$11,821 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2024 | $ (253,142) | $ (251,681) | $ (504,823) |
| 2025 | (264,988) | (251,998) | (516,986) |
| 2026 | (223,902) | (117,716) | (341,618) |
| 2027 | (139,879) | (48,325) | (188,204) |
| 2028 | (91,697) | (63,617) | (155,314) |
| 2029 | (112,521) | (128,521) | (241,042) |
| | $ (1,086,129) | $ (861,858) | $ (1,947,987) |

***Actuarial Assumptions – SERS***

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

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

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

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

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

| | |
|---|---|
| Investment Rate of Return: | 7.00% net of investment expense, including inflation |
| Wage Inflation: | 2.40% |
| Future Salary Increases, including Inflation: | 3.25% to 13.58% |
| Municipal Bond Index Rate: | |
| Current measurement period | 3.69% |
| Prior measurement period | 1.92% |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation: | |
| Current measurement date | 4.08% |
| Prior measurement date | 2.27% |
| Medical Trend Assumption | 7.00% to 4.400% |

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

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

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

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

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

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

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

| | 1% Decrease 3.08% | Current Discount Rate 4.08% | 1% Increase 5.08% |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 1,394,803 | $ 1,123,017 | $ 903,611 |

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.4%) and one percentage point higher (8.00% decreasing to 5.4%) than the current rates.

| | 1% Decrease 6.00% decreasing to 3.4% | Current Trend Rate 7.00% decreasing to 4.4% | 1% Increase 8.00% decreasing to 5.4% |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 866,047 | $ 1,123,017 | $ 1,458,660 |

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

***Actuarial Assumptions – STRS***

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

| | | |
|---|---|---|
| Salary increases | Varies by service from 2.5% to 8.5% | |
| Payroll increases | 3.0% | |
| Investment rate of return | 7.0%, net of investment expenses, including inflation | |
| Discount rate of return | 7.0% | |
| Health care cost trends | Initial | Ultimate |
| Medical | | |
| Pre-Medicare | 7.50% | 3.94% |
| Medicare | -68.78% | 3.94% |
| Prescription Drug | | |
| Pre-Medicare | 9.00% | 3.94% |
| Medicare | -5.47% | 3.94% |

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

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

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

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

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

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

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

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

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| College's proportionate share of the net OPEB asset | $ 1,004,955 | $ 1,087,056 | $ 1,157,383 |

| | 1% Decrease in Trend Rates | Current Trend Rate | 1% Increase in Trend Rates |
|---|---|---|---|
| College's proportionate share of the net OPEB asset | $ 1,127,542 | $ 1,087,056 | $ 1,035,953 |

**NOTE 10 – RISK MANAGEMENT**

**Comprehensive**

The College is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a risk transfer technique, the College participated in the OACC (Ohio Association of Community Colleges) Risk Management and Insurance Program and contracted with various insurance underwriters in fiscal year 2023 for property and fleet insurance, liability insurance, and various other coverages. More information can be found in the insurance policy. Major coverage is as follows at June 30, 2023:

| Description of Coverage | Insurance Carrier | Limit of Liability | Deductible |
|---|---|---|---|
| Property Liability | The Travelers Indemnity Company | $1,000,000,000 | $25,000 |
| Terrorism | Validus | $200,000,000 | $25,000 |
| General Liability | Munich Re (Wright Specialty) | $1,000,000 | $0 |
| Limited Professional Liability | Munich Re (Wright Specialty) | $1,000,000 | $0 |
| Automobile | Munich Re (Wright Specialty) | $1,000,000 | $0 Liab, $500 PD(1) |
| Educators Legal Liability | Munich Re (Wright Specialty) | $1,000,000 | $10,000 |
| 1st Excess Liability | UNITED EDUCATORS | $15,000,000 excess $1,000,000 | N/A |
| 1st Excess Educators Legal Liability | UNITED EDUCATORS | $15,000,000 excess $1,000,000 | N/A |
| Crime | Munich Re (Wright Specialty) | $250,000 | $2,500 |
| Cyber liability Breach Response | Lloyd's via CFC | $2,000,000 | $20,000 |
| Workers Compensation | Hartford | $1,000,000 | N/A |

Notes: (1) Auto deductibles are $0 for Liability, $500 for Physical Damage to owned or lease vehicles (Comprehensive and Collision)

**Employee Group Medical/Surgical, Dental, and Vision Insurance**

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance program. The College is a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the College's behalf. The claims liability of $220,327 reported in Claims Payable at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Financing Omnibus," which requires that a liability for unpaid claim costs, including estimates of costs related to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

| Fiscal Year | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|---|---|---|---|---|
| 2023 | $ 167,890 | $ 1,573,152 | $ (1,520,715) | $ 220,327 |
| 2022 | 195,946 | 1,447,128 | (1,475,184) | 167,890 |

**NOTE 11 – CONTINGENCIES**

The College receives significant financial assistance from numerous federal and state 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. It is the opinion of management that any potential disallowance of claims would not have a significant effect on the financial statements.

Legal counsel is currently representing the College in a legal proceeding arising principally in the normal course of operations of a community college. In the opinion of College officials and its legal counsel, the outcome of the legal proceeding is not likely to have a material adverse effect on the accompanying financial statements and accordingly, no additional provision for these losses has been recorded.

**NOTE 12 – COMPONENT UNIT – MARION TECHNICAL COLLEGE FOUNDATION**

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

Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted support, while contributions without donor-imposed restrictions are reported as unrestricted support.

During the year ended June 30, 2023, the Foundation distributed $190,624 to the College for scholarships.

The Foundation has transferred assets to the Marion Community Foundation and retained a beneficial interest in those assets. The Foundation is allocated their funds' proportionate share of the pooled funds' investment returns on an annual basis. Distributions from the fund balances may be withdrawn each year in accordance with the terms of each scholarship fund agreement, and undistributed earnings are retained in the fund. As of June 30, 2023, the fair value of the Foundation’s interest in community foundation’s assets was $1,232,872.

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

Level 1 – Investments reflect prices quoted in active markets.
Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 – Investments reflect prices based upon unobservable sources.

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

**NOTE 12 – COMPONENT UNIT – MARION TECHNICAL COLLEGE FOUNDATION** (Continued)

The fair value of beneficial interest in assets held by the community foundation is based upon the Foundation’s proportionate share of the community foundation's pooled investment portfolio. The Foundation’s management and finance committee review the valuations and returns in comparison to industry benchmarks and other information provided by the community foundation. Accordingly, assets held by the Marion Community Foundation are measured and reported as Level 3 assets.

# REQUIRED SUPPLEMENTARY INFORMATION

**Marion Technical College**
Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
School Employees Retirement System of Ohio

| Measurement Date Fiscal Year (1) | College's Proportion of the Net Pension Liability | College's Proportionate Share of the Net Pension Liability | College's Covered Payroll | College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2014 | 0.105538% | $ 6,276,006 | $ 3,484,566 | 180.11% | 65.52% |
| 2015 | 0.105538% | 5,341,218 | 3,097,691 | 172.43% | 71.70% |
| 2016 | 0.093832% | 5,354,139 | 3,253,202 | 164.58% | 69.16% |
| 2017 | 0.087249% | 6,385,820 | 2,897,236 | 220.41% | 62.98% |
| 2018 | 0.082811% | 4,947,797 | 2,773,564 | 178.39% | 69.50% |
| 2019 | 0.087468% | 5,009,480 | 2,817,919 | 177.77% | 71.36% |
| 2020 | 0.082247% | 4,920,967 | 2,821,452 | 174.41% | 70.85% |
| 2021 | 0.085651% | 5,665,111 | 3,002,724 | 188.67% | 68.55% |
| 2022 | 0.080535% | 2,971,502 | 2,897,593 | 102.55% | 82.86% |
| 2023 | 0.085064% | 4,600,911 | 3,059,779 | 150.37% | 75.82% |

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

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2014 | $ 429,340 | $ (429,340) | $ - | $ 3,097,691 | 13.86% |
| 2015 | 428,772 | (428,772) | - | 3,253,202 | 13.18% |
| 2016 | 405,613 | (405,613) | - | 2,897,236 | 14.00% |
| 2017 | 388,299 | (388,299) | - | 2,773,564 | 14.00% |
| 2018 | 380,419 | (380,419) | - | 2,817,919 | 13.50% |
| 2019 | 380,896 | (380,896) | - | 2,821,452 | 13.50% |
| 2020 | 420,381 | (420,381) | - | 3,002,724 | 14.00% |
| 2021 | 405,663 | (405,663) | - | 2,897,593 | 14.00% |
| 2022 | 428,369 | (428,369) | - | 3,059,779 | 14.00% |
| 2023 | 439,454 | (439,454) | - | 3,138,957 | 14.00% |

**Marion Technical College**
Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
State Teachers Retirement System of Ohio

| Measurement Date Fiscal Year (1) | College's Proportion of the Net Pension Liability | College's Proportionate Share of the Net Pension Liability | College's Covered Payroll | College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2014 | 0.048211% | $ 13,698,757 | $ 5,467,300 | 250.56% | 69.30% |
| 2015 | 0.048211% | 11,726,691 | 5,304,792 | 221.06% | 74.71% |
| 2016 | 0.047188% | 13,041,319 | 5,008,843 | 260.37% | 72.09% |
| 2017 | 0.044920% | 15,036,206 | 4,676,307 | 321.54% | 66.78% |
| 2018 | 0.045459% | 10,798,856 | 4,926,007 | 219.22% | 75.29% |
| 2019 | 0.044627% | 9,812,472 | 4,974,221 | 197.27% | 77.31% |
| 2020 | 0.043263% | 9,567,439 | 4,949,957 | 193.28% | 77.40% |
| 2021 | 0.044572% | 10,784,942 | 5,281,121 | 204.22% | 75.48% |
| 2022 | 0.042650% | 5,453,169 | 5,197,600 | 104.92% | 87.78% |
| 2023 | 0.041982% | 9,332,676 | 5,354,829 | 174.29% | 78.88% |

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

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2014 | $ 689,623 | $ (689,623) | $ - | $ 5,304,792 | 13.00% |
| 2015 | 701,238 | (701,238) | - | 5,008,843 | 14.00% |
| 2016 | 654,683 | (654,683) | - | 4,676,307 | 14.00% |
| 2017 | 689,641 | (689,641) | - | 4,926,007 | 14.00% |
| 2018 | 696,391 | (696,391) | - | 4,974,221 | 14.00% |
| 2019 | 692,994 | (692,994) | - | 4,949,957 | 14.00% |
| 2020 | 739,357 | (739,357) | - | 5,281,121 | 14.00% |
| 2021 | 727,664 | (727,664) | - | 5,197,600 | 14.00% |
| 2022 | 749,676 | (749,676) | - | 5,354,829 | 14.00% |
| 2023 | 753,599 | (753,599) | - | 5,382,850 | 14.00% |

**Marion Technical College**
Required Supplementary Information
Schedule of College's Proportionate Share of the Net OPEB Liability
and College OPEB Contributions
School Employees Retirement System of Ohio

| Measurement Date Fiscal Year (1) (2) | College's Proportion of the Net OPEB Liability | College's Proportionate Share of the Net OPEB Liability | College's Covered Payroll | College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---|---|---|---|---|---|
| 2017 | 0.087346% | $ 2,489,682 | $ 2,897,236 | 85.93% | 11.49% |
| 2018 | 0.081171% | 2,178,419 | 2,773,564 | 78.54% | 12.46% |
| 2019 | 0.086390% | 2,396,679 | 2,817,919 | 85.05% | 13.57% |
| 2020 | 0.077157% | 1,940,323 | 2,821,452 | 68.77% | 15.57% |
| 2021 | 0.081188% | 1,764,476 | 3,002,724 | 58.76% | 18.17% |
| 2022 | 0.075373% | 1,426,486 | 2,897,593 | 49.23% | 24.08% |
| 2023 | 0.079986% | 1,123,016 | 3,059,779 | 36.70% | 30.34% |

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

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

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2016 | $ 39,599 | $ (39,599) | $ - | $ 2,897,236 | 1.37% |
| 2017 | 30,996 | (30,996) | - | 2,773,564 | 1.12% |
| 2018 | 50,337 | (50,337) | - | 2,817,919 | 1.79% |
| 2019 | 27,785 | (27,785) | - | 2,821,452 | 0.98% |
| 2020 | 15,777 | (15,777) | - | 3,002,724 | 0.53% |
| 2021 | 13,009 | (13,009) | - | 2,897,593 | 0.45% |
| 2022 | 14,769 | (14,769) | - | 3,059,779 | 0.48% |
| 2023 | 11,821 | (11,821) | - | 3,138,957 | 0.38% |

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

(4) Includes Surcharge

**Marion Technical College**
Required Supplementary Information
Schedule of College's Proportionate Share of the Net OPEB Liability (Asset)
and College OPEB Contributions
State Teachers Retirement System of Ohio

| Measurement Date Fiscal Year (1) (2) | College's Proportion of the Net OPEB Liability (Asset) | College's Proportionate Share of the Net OPEB Liability (Asset) | College's Covered Payroll | College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) |
|---|---|---|---|---|---|
| 2017 | 0.044920% | $ 2,402,354 | $ 4,676,307 | 51.37% | 37.33% |
| 2018 | 0.045459% | 1,773,638 | 4,926,007 | 36.01% | 47.11% |
| 2019 | 0.044627% | (717,111) | 4,974,221 | (14.42%) | 176.00% |
| 2020 | 0.043263% | (716,547) | 4,949,957 | (14.48%) | 174.74% |
| 2021 | 0.044572% | (783,359) | 5,281,121 | (14.83%) | 182.13% |
| 2022 | 0.042650% | (899,238) | 5,197,600 | (17.30%) | 174.73% |
| 2023 | 0.041982% | (1,087,056) | 5,354,829 | (20.30%) | 230.73% |

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

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

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2016 | $ - | $ - | $ - | $ 4,676,307 | 0.00% |
| 2017 | - | - | - | 4,926,007 | 0.00% |
| 2018 | - | - | - | 4,974,221 | 0.00% |
| 2019 | - | - | - | 4,949,957 | 0.00% |
| 2020 | - | - | - | 5,281,121 | 0.00% |
| 2021 | - | - | - | 5,197,600 | 0.00% |
| 2022 | - | - | - | 5,354,829 | 0.00% |
| 2023 | - | - | - | 5,382,850 | 0.00% |

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

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

**School Employees Retirement System of Ohio**

Notes to Pension Information

*Changes of Benefit Terms*

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

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

*Changes of Assumptions*

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

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

Notes to OPEB Information

*Changes of Benefit Terms*

None Noted.

*Changes of Assumptions*

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

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

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

**State Teachers Retirement System of Ohio**

Notes to Pension Information

*Changes of Benefit Terms*

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

*Changes of Assumptions*

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

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

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

Notes to OPEB Information

*Changes of Benefit Terms*

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

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

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

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

**State Teachers Retirement System of Ohio**

Notes to OPEB Information (continued)

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

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

*Changes of Assumptions*

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

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

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

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

# SUPPLEMENTAL INFORMATION

| Name | Title | Term of Office |
|---|---|---|
| Roxane Somerlot | Chair | 05/01/23 to 04/30/26 |
| Kit Fogle | Vice Chair | 05/01/21 to 04/30/24 |
| Jude Foulk | Member | 04/30/22 to 04/29/25 |
| Donald Plotts | Member | 04/30/23 to 04/29/26 |
| Timothy Anderson | Member | 05/01/22 to 04/30/25 |
| Michael McCleese | Member | 05/01/22 to 04/30/25 |
| Gregory Moon | Member | 04/30/21 to 04/29/24 |
| Vidya Iyengar | Member | 05/01/21 to 04/30/24 |

| Name | Title |
|---|---|
| Dr. Ryan McCall | President |
| Rhonda Ward | Vice President of Business Affairs/Chief Financial Officer |
| Denise Smith | Controller |
| Dr. Amy Adams | Vice President Planning and Advancement |
| Dr. Robert Haas | Vice President of Academic Affairs & Student Services/ Chief Strategy Officer |

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

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

Board of Trustees
Marion Technical College
Marion, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Marion Technical College (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 27, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 27, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

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

Board of Trustees
Marion Technical College
Marion, Ohio

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 27, 2023

| Federal Grantor/Pass Through Grantor/Program Title | Assistance Listing Number | | Grant or Pass Through Number | | Expenditures |
|---|---|---|---|---|---|
| U.S. Department of Education | | | | | |
| Student Financial Assistance Cluster: | | | | | |
| Federal Supplemental Educational Opportunity Grant | 84.007 | (1) | N/A | $ | 81,017 |
| Federal Work-Study Program | 84.033 | (1) | N/A | | 15,000 |
| Federal Pell Grant Program | 84.063 | (1) | N/A | | 2,427,920 |
| Federal Direct Student Loans | 84.268 | (1) | N/A | | 1,069,705 |
| Total Student Financial Assistance Cluster | | | | | 3,593,642 |
| TRIO Cluster: | | | | | |
| TRIO Talent Search | 84.044 | (1) | N/A | | 265,484 |
| Total TRIO Cluster | | | | | 265,484 |
| Higher Education Institutional Aid | 84.031A | (1) | N/A | | 458,366 |
| *Passed through Ohio Department of Education:* | | | | | |
| Adult Education - Basic Grants to States | 84.002 | | VETP | | 103,356 |
| Career and Technical Education - Basic Grants to States | 84.048A | | 20C3 | | 103,394 |
| Tech-Prep Education | 84.243 | | 3ETC | | 92,756 |
| COVID-19 - Education Stabilization Fund: | | | | | |
| *Passed through Ohio Department of Higher Education:* | | | | | |
| American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER) | 84.425U | | S425U210035 | | 81,355 |
| Higher Education Emergency Relief Fund (HEERF) | | | | | |
| HEERF Student Aid | 84.425E | (1) | N/A | | 501,910 |
| HEERF Institutional Aid | 84.425F | (1) | N/A | | 1,172,500 |
| HEERF Strengthening Institutions Program (SIP) | 84.425M | (1) | N/A | | 41,073 |
| Total Education Stabilization Fund | | | | | 1,796,838 |
| Total U.S. Department of Education | | | | | 6,413,836 |
| National Science Foundation | | | | | |
| *Passed through Columbus State Community College:* | | | | | |
| STEM Education | 47.076 | | 2000177 | | 22,338 |
| STEM Education | 47.076 | (1) | N/A | | 88,853 |
| Total National Science Foundation | | | | | 111,191 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | $ | 6,525,027 |

(1) - Direct Award

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

**NOTE 1 - GENERAL**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Marion Technical College under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Marion Technical College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Marion Technical College.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the College’s financial statements. Expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. In addition, the College did not pass-through any federal awards to subrecipients during the year ended June 30, 2023.

The College has elected to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

**NOTE 3 – FEDERAL WORK-STUDY AND FEDERAL SEOG WAIVER**
For the year ended June 30, 2023, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-study and Federal Supplemental Educational Opportunity Grant programs.

**NOTE 4 – LOAN PROGRAMS**

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

**Section I – Summary of Auditors' Results**

Financial Statements

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

Federal Awards

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

Identification of major program:

COVID-19 Education Stabilization Fund:
ALN 84.425E – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
ALN 84.425F – HEERF Institutional Portion
ALN 84.425M – Strengthening Institutions Program (SIP)
ALN 84.425U – American Rescue Plan–Elementary and Secondary School Emergency Relief (ARP ESSER)

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

**Section II – Financial Statement Findings**

None noted

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

None noted

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OHIO AUDITOR OF STATE
KEITH FABER

**MARION TECHNICAL COLLEGE**

**MARION 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 1/16/2024**

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

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