STARK STATE COLLEGE

STARK COUNTY

Single Audit

For the Year Ended June 30, 2024

CEH
Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Trustees
Stark State College
6200 Frank Avenue NW
North Canton, Ohio 44720

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2025

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Stark County

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INDEPENDENT AUDITOR'S REPORT

Stark State College
Stark County
6200 Frank Avenue NW
North Canton, Ohio 44720

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and the discreetly presented component unit of the Stark State College, Stark County, Ohio (the College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements 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 discreetly presented component unit of the Stark State College, Stark County, Ohio as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
December 6, 2024

The discussion and analysis of the financial statements of Stark State College (the "College") provides an overview of financial activities for the years ended June 30, 2024 and 2023. Management has prepared the financial statements and the related note disclosures along with this discussion and analysis. The responsibility for the completeness and fairness of this information rests with the preparers.

Using this Annual Report

The College is reporting its financial position in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and GASB Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34, as amended by GASB Statements No. 37 and 38. Comparative condensed financial information has been presented for the current year and the prior year.

This report consists of three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These statements provide information on the College as a whole, and present a snapshot of the College's finances. The following functions are included in the College's basic financial statements:

- Instruction
- Research
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Plant Operations
- Student Aid
- Bookstore Operations

These statements can help the reader understand what the financial health of the College is at the end of the fiscal year, as well as indicating the changes in financial position since the end of the prior year. Over time, increases in net assets, which are the result of the College's keeping expenses lower than revenues, indicate a strengthening of the College's financial health.

GASB Statements No. 68, as amended by Statement No. 71, and Statement No. 75 require public entities to report net pension/OPEB liabilities in a new manner. The biggest changes from these new accounting pronouncements are that the College must now show the net pension liability and other post-employment benefits of the public retirement systems on its financial statements as if the College actually was legally responsible for a proportionate share of the retirement system obligations. Ohio is one of six states where the employing entity is not the legally responsible party for public pension system obligations. As a statutory entity, there are no obligations on the College other than those provided for in statute. Therefore, the pension/OPEB liability shown in this report is not a legal liability for the College, but rather it is an accounting presentation only.

The Statement of Net Position acts much as a consolidated balance sheet does for a business. It shows the book value of all asset categories, and compares them to the amount of liabilities, with the residual difference, called net position, being detailed by the type of commitment that gave rise to the underlying assets.

Condensed Statement of Net Position
(in thousands)

	2024	2023
Assets		
Current Assets		
Cash & cash equivalents & investments	$10,465	$7,378
Student accounts receivable, net	5,346	7,366
Intergovernmental & other receivables	5,617	6,271
Other current assets	8,128	4,790
Total current assets	29,556	25,805
Noncurrent Assets		
Investments	35,138	36,310
Capital assets, net	96,505	96,216
Other noncurrent assets	9,158	10,395
Total noncurrent assets	140,801	142,921
Total assets	$170,357	$168,726
Deferred Outflow of Resources	$14,240	$20,649
Liabilities & Net Position		
Current Liabilities		
Accounts payable & accrued liabilities	$1,870	$2,740
Unearned revenue	2,699	3,146
Other current liabilities	3,631	3,501
Total current liabilities	8,200	9,387
Long-Term Liabilities	58,273	64,307
Total liabilities	66,473	73,694
Deferred Inflow of Resources	$13,521	$16,728
Net Position		
Net investment in capital assets	95,952	95,252
Restricted	778	1,001
Unrestricted	7,873	2,700
Total net position	$104,603	$98,953

The Statement of Revenues, Expenses and Changes in Net Position acts as a statement of the College's operations. Revenues and expenses on the accrual basis of accounting are detailed by operating type, and the reconciliation between the beginning and ending net position is presented.

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

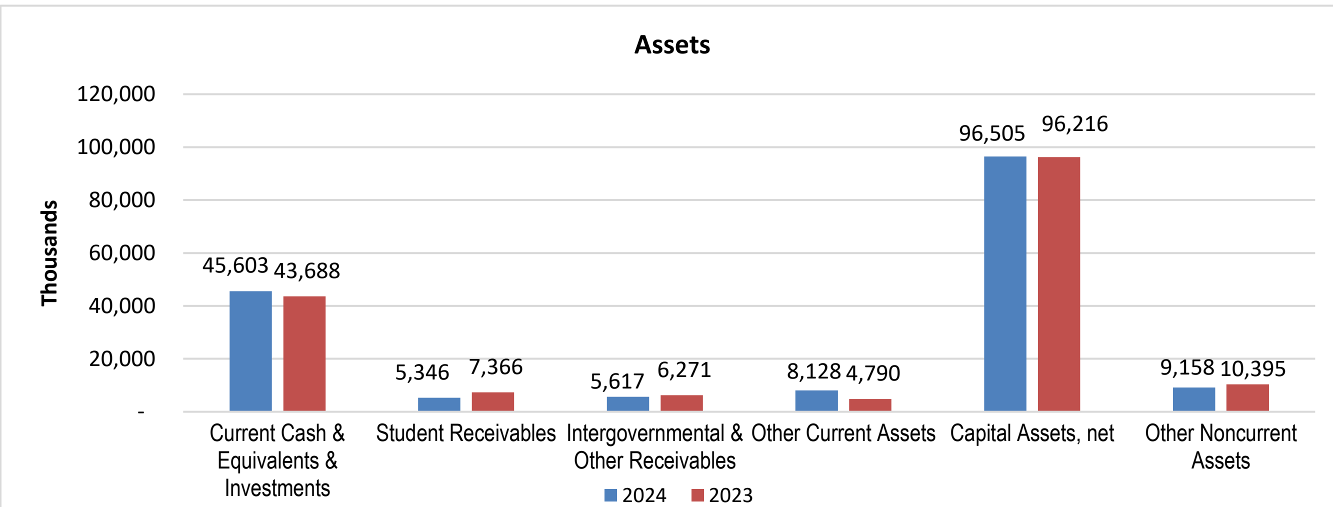
	2024	2023	Increase (Decrease) $	Increase (Decrease) %
Revenues				
Operating Revenues				
Tuition and fees, net	$21,159	$20,297	$862	4.2%
Federal grants and contracts	1,652	1,284	368	28.7%
Auxiliary enterprises: bookstore	2,994	3,015	(21)	-0.7%
Other operating revenues	5,036	3,076	1,960	63.7%
Total operating revenues	30,841	27,672	3,169	11.5%
Expenses				
Operating Expenses				
Educational and general	74,534	74,985	(451)	-0.6%
Auxiliary enterprises: bookstore	3,149	2,867	282	9.8%
Total operating expenses	77,683	77,852	(169)	-0.2%
Operating loss	(46,842)	(50,180)	3,338	6.7%
Nonoperating Revenues (Expenses)				
State appropriations	31,939	31,648	291	0.9%
Federal grants and subsidies	13,746	11,515	2,231	19.4%
Other nonoperating revenue	2,368	2,347	21	0.9%
Other nonoperating (expenses)	890	239	651	272.4%
Net nonoperating revenues (expenses)	48,943	45,749	3,194	7.0%
(Loss) Income before other revenues, expenses, gains or losses	2,101	(4,431)	6,532	-147.4%
Capital appropriations, gifts & grants	3,549	2,203	1,346	61.1%
Increase (Decrease) in Net Position	5,650	(2,228)	7,878	-353.6%
Net Position, beginning of year	98,953	101,181	(2,228)	-2.2%
Net Position - end of year	$104,603	$98,953	$5,650	5.7%

The Statement of Cash Flows presents the sources and uses of all cash transactions conducted by the College, broken down by type of functional activity. This statement assists the reader in determining the College's ability to generate future cash flows, meet its obligations as they become due and assess the need for additional funding or financing.

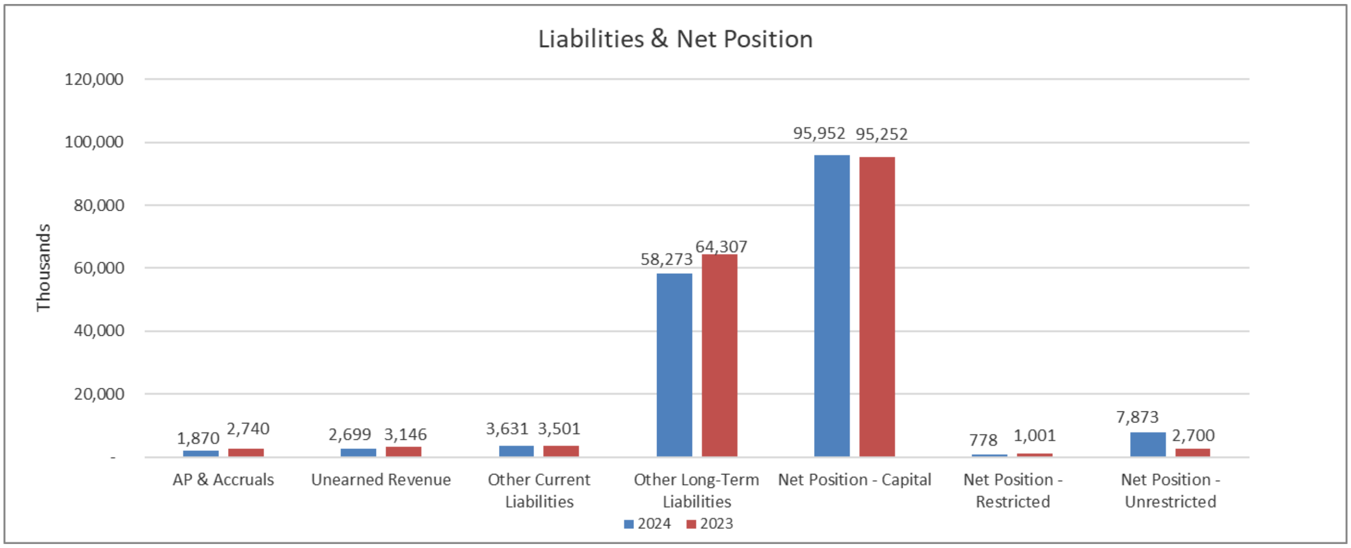
Condensed Statement of Cash Flows
(in thousands)

	2024	2023	Increase (Decrease) $	Increase (Decrease) %
Net cash provided (used) by Operating Activities	($42,812)	($41,389)	($1,423)	-3.4%
Net cash provided (used) by Noncapital Financing Activities	47,303	45,593	1,710	3.8%
Net cash provided (used) by Capital Financing Activities	(2,176)	(2,390)	214	9.0%
Net cash provided (used) by Investing Activities	772	(31,805)	32,577	102.4%
Net increase (decrease) in cash	3,087	(29,991)	33,078	110.3%
Cash - beginning of year	7,378	37,369	(29,991)	-80.3%
Cash - end of year	$10,465	$7,378	$3,087	41.8%

Analysis of Assets and Liabilities & Net Position



Total assets increased by $1,631,000 during the year to a year-end amount of $170,357,000. Of this amount, $289,000 was related to net capital asset increases. Current cash and cash equivalents and short-term investments increased by $1,915,000, while long-term investments decreased $1,172,000 for a total increase of $743,000 between cash and investments. Student Accounts Receivable decreased $2,020,000 and Intergovernmental and Other Receivables decreased by $654,000. All other Current and Noncurrent Assets increased by $2,101,000.

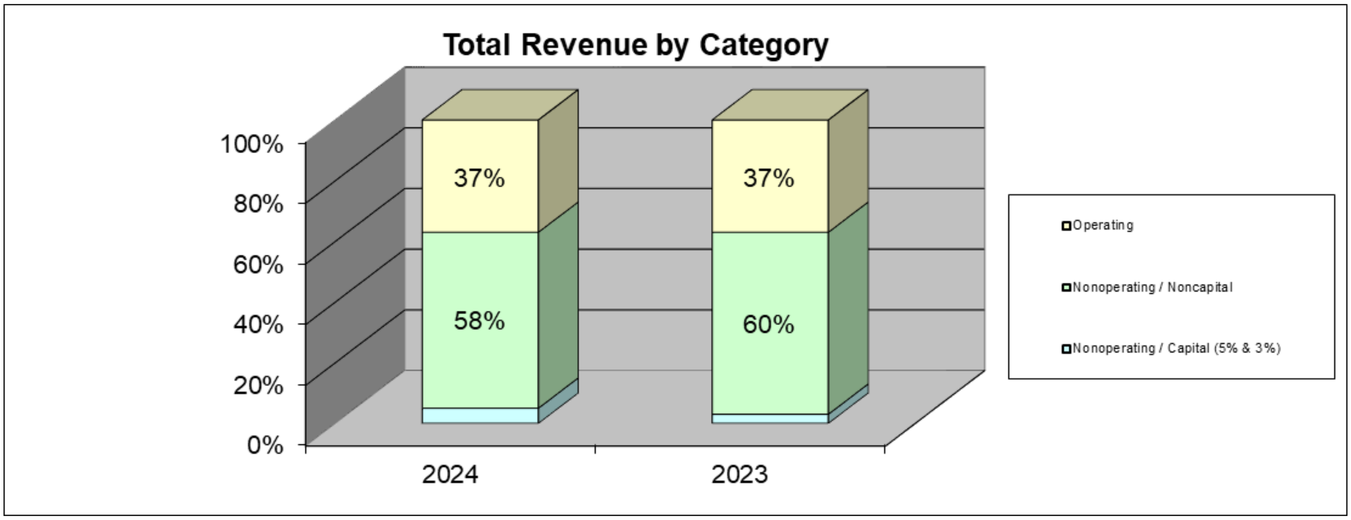


Total liabilities excluding net pension liability and net other postemployment benefit liability increased since the beginning of the year by $1,209,000 to a year-end amount of $10,173,000. The noncurrent long-term liabilities excluding net pension liability decreased $22,000 to $1,973,000. Other Post Employment Benefits (OPEB) and Net Pension Liabilities decreased $6,012,000 following changes made to actuarial assumptions, plan benefits, favorable investment returns and unrealized losses due to rising interest rates by the Ohio public pension systems. Current liabilities decreased by $1,187,000 to $8,200,000. Total liabilities decreased by $7,221,000 to a year-end amount of $66,473,000.

Total net position increased $5,650,000 which included charges related to pension system liabilities under GASB Statements No. 68 and No. 75, which are not legal assets or obligations of the College. Unrestricted net position increased by $5,173,000, and net restricted position decreased $223,000. The increase in unrestricted net position resulted primarily from favorable results of operations.

Analysis of Revenues

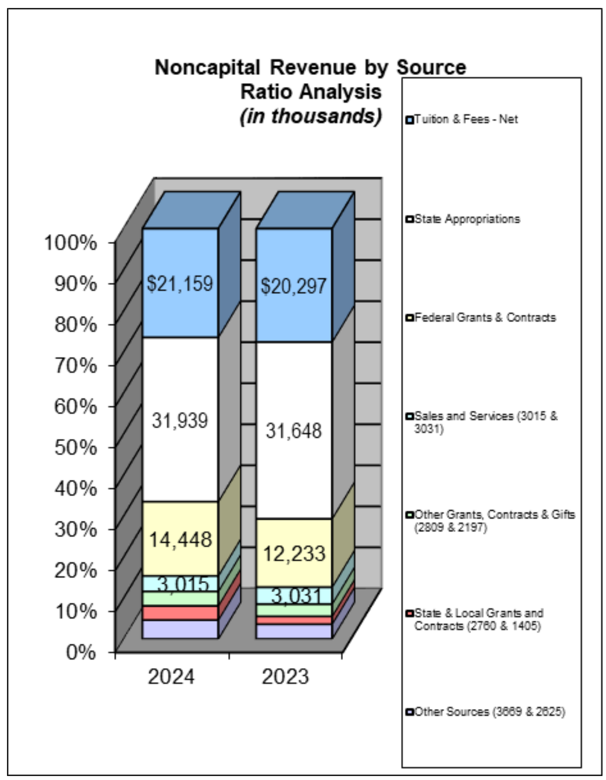
The following chart provides categorical ratios of the College's revenue as a whole for the years ended June 30, 2024 and 2023:



The State Share of Instruction appropriation is the statutory burden of the state of Ohio for operating the College. This is classified as nonoperating revenue under generally accepted accounting principles, and it accounted for 39% and 42% of total revenue in 2024 and 2023. Other revenue includes capital appropriations, which is a subset of nonoperating revenue.

A traditional comparison of College revenue focuses on noncapital revenue. These are the funds that are spent for ongoing operations. The total of these revenues increased $6,363,000 this year (8.7%). This analysis will focus on the traditional revenues used for ongoing operations that are comparable to prior years' financial statements.

The Board of Trustees increased tuition effective with the Fall term of 2023. Gross tuition increased $291,000. The scholarship allowance decreased $751,000. All other tuition changes due to enrollment decreases and other fees decreased $183,000. The end result was that the Tuition and fees, net of scholarship allowance increased $862,000 (4.2%).

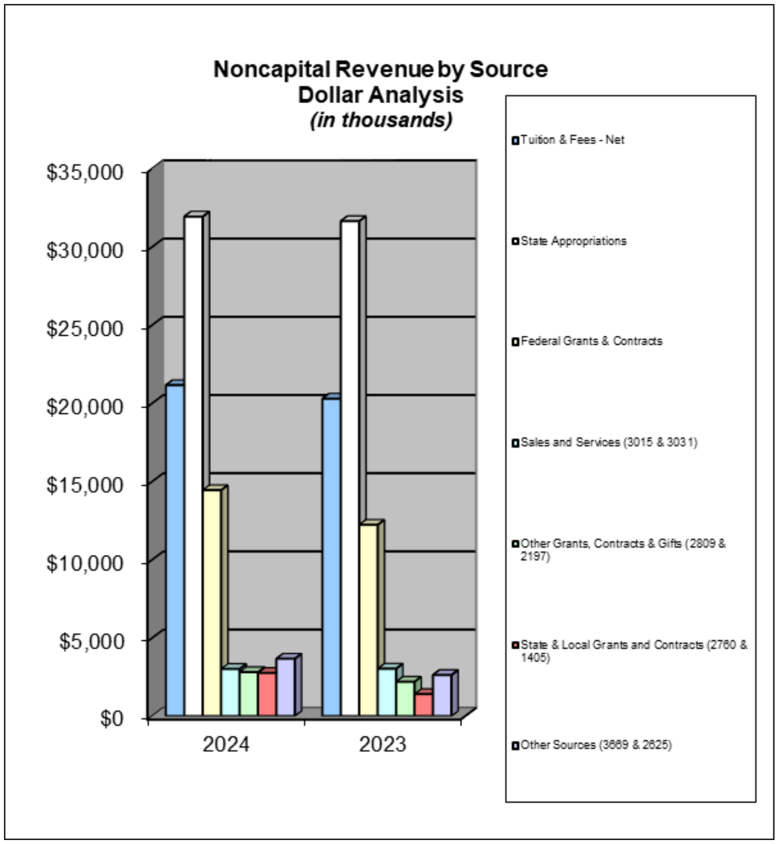


Total state appropriations, mainly from the State Share of Instruction, which is the primary source of state funding dedicated to support the operations of the College, increased from prior year levels by $291,000 (0.9%) as provided in the State of Ohio’s two-year biennial budget.

Sales & Services, which include Auxiliary enterprise revenue from the College bookstore, decreased this year by $16,000 (-0.5%) due to decreased sales of textbooks, technology products and all categories of merchandise. There has been textbook price inflation and increased sales of bundled inclusive access packages for online content required by textbook publishers.

The College received a greater amount of federal financial assistance. In the prior year, the College received less Pell Grant funds. The total increase in Federal grants of $2,215,000 (18.1%) was due mainly to increases in the per-student amount of federal student aid.

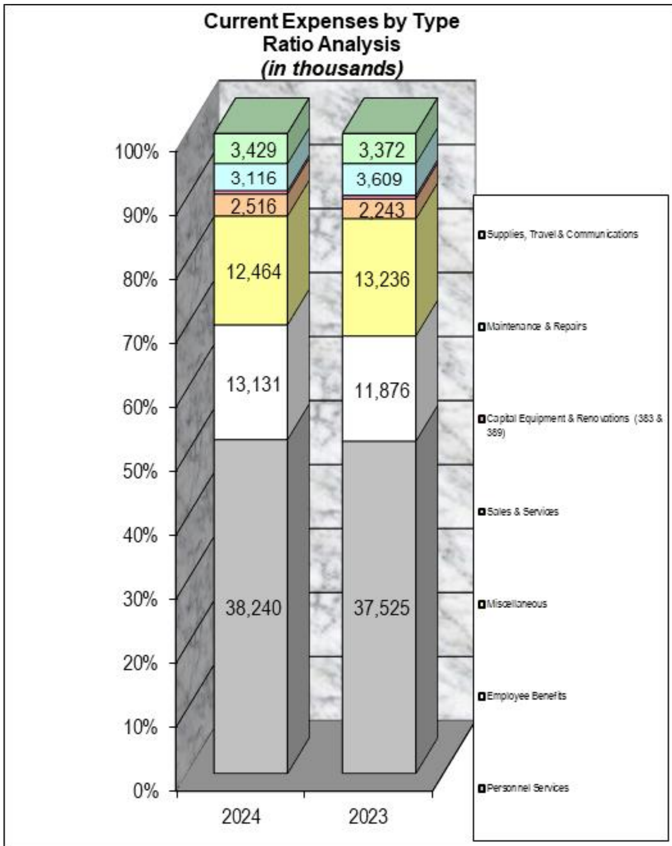
Other noncapital revenue consisting of State/Local/Other Grants, Contracts and Other Sources increased in total by $3,011,000 (48.4%) mainly due to increases in the rental income, higher investment income and miscellaneous receipts.

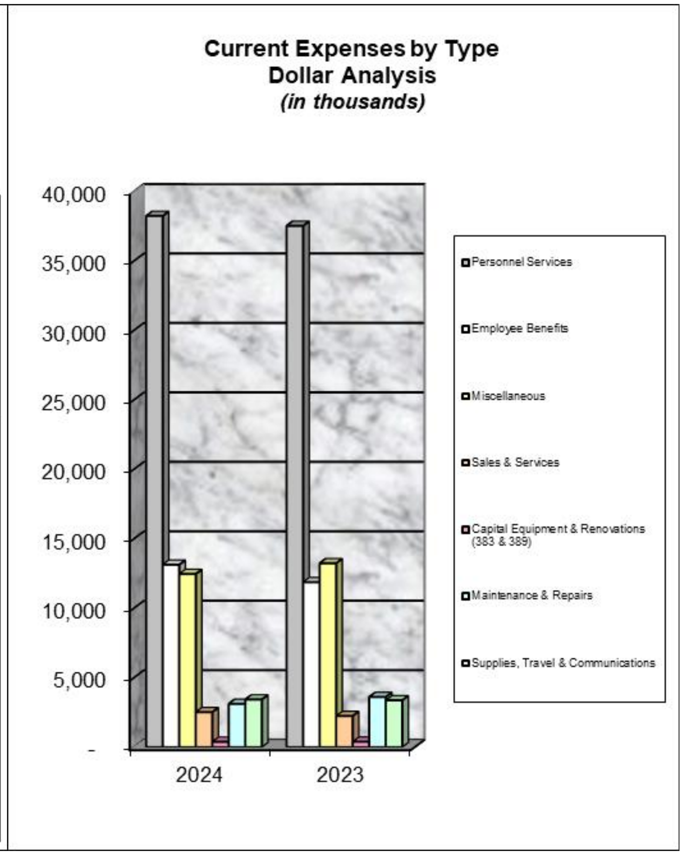


Analysis of Expenses

This analysis focuses on the College’s operating budget categories; known as current expenses, which are normally reported in fund financial statements. These expenses approximate the College’s expenses reported in the Statement of Revenues, Expenses and Changes in Net Position adjusted for depreciation and reduced by the capital equipment and renovations category which were plant fund activities, and it excludes items related to GASB 68 & 75 as previously described. While paid full-time equivalent enrollment was down 1.6%, expenses were constrained and labor costs returned to historical levels.

Total salary and wages only increased 1.9% due to constrained uses of labor as employees receiving a base pay increase of 2.5% effective July 1, 2023 and one-time additional compensation of 2.5% in June, 2024 due to favorable operating results. The College decreased the usage of part-time instructors. Several full-time positions were vacated and the employees were not replaced compared to the prior fiscal year. Additionally, all part-time hourly employees had been limited to working no more than an average of 29 hours per week.





Employee benefits increased 10.6%. Health care costs increased despite the total number of employees receiving health benefits decreased from the prior year. All other benefits decreased the average net benefit cost per labor unit slightly. The value of the College's ownership share of the health program decreased during FY2024 which resulted in a charge to expenses. The College cannot convert or redeem its ownership interest in the Stark County Schools Council of Governments Health Care Program.

Miscellaneous expenses net of the scholarship allowance reported parenthetically on the Statement of Revenues, Expenses and Changes in Net Position decreased 5.8% from the prior year. Net student aid accounted for 83.8% of the Miscellaneous category. While gross student aid increased 3.4%, the scholarship allowance shown in the note on the student tuition and fees line decreased 5.3%. The professional services and insurance costs increased as a result of more outside services related to improved IT services, the continuing support for online learning following the coronavirus pandemic, and a hardening insurance market.

Sales & Services expenses increased 12.2% from the prior year in college bookstore costs. The College must now resell textbooks bundled with online content with very little margin and online access to entire publishers' content for a flat fee with little margin. Additionally, open educational resources are being adopted in the most common courses, which are free to the student, but have displaced sales of textbooks. Large increases in the cost of textbooks have been recently noted in the federal CPI reports. This trend is expected to continue.

Maintenance and Repairs decreased 13.7% following large increases the prior year as the College spending on utilities and grounds maintenance were constrained in response to the decrease in enrollment. Decreases in Maintenance and Repairs were also the result of avoided deferred maintenance and the use of state capital funds to replace infrastructure rather than repairing several roofs, parking lots and HVAC systems. These costs were capitalized rather than expensed.

Equipment purchases from current funds decreased 1.5%. Notable purchases include equipment for the commercial drivers license training program and vehicles for the Security and Physical Plant use.

Communications expenses decreased 0.3%. Marketing and public relations were increased, while all other expenses were relatively stable or reduced, including publications and subscriptions, memberships, copying and printing, and telecommunications. Most of the expenses which increased were focused on efforts to increase enrollment.

Total Supplies expense decreased 5.2%. The College's operating supplies included personal computer replacements that were not capitalized. Custodial supplies used were lower as were groundskeeping supplies.

The College banned most travel in March 2020 due to the coronavirus situation which resulted in significant expense reductions in fiscal year 2021. This trend reversed in FY2022, and travel spending has continued to increase through FY2024, but is still below pre-pandemic levels.

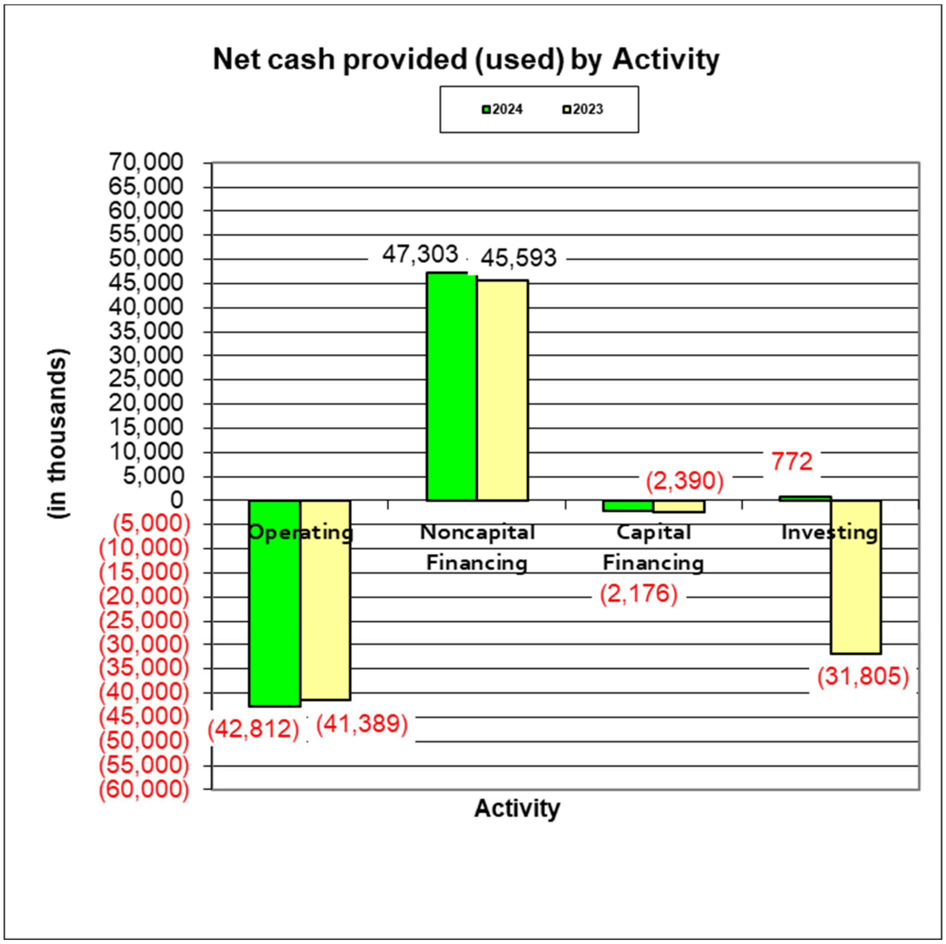
Analysis of Cash Flows

The College's liquidity increased during the year. Cash flows from operations were less than cash flows coming in from noncapital nonoperating categories. State General Revenue funding for general operations increased over the prior year. By definition, noncapital financing activities include the subsidy from the Ohio Department of Higher Education called State Share of Instruction (SSI). The total SSI was increased based on the annual state budget, but the College's portion of this state subsidy also increased slightly due to the improved performance-based funding metrics compared to the other public two-year colleges in Ohio over the past year in accordance with the distribution formula in state law.

Operating activities created more net cash outflow in total from the prior year. Gross tuition and fees were higher this year, and collections on student accounts improved. Accounts payable was reduced as were all other categories of short-term liabilities.

Noncapital financing increased. Inflows from federal Pell grants increased from the prior year, as did inflows from the state share of instruction appropriations increased.

Capital financing activities used more cash than the proceeds from state appropriations and capital gifts and grants provided. Outflows for the purchase of capital assets were higher than the prior year due to multiple construction and renovation projects.



Cash flows from investing activities increased. The only item in this category this year was the receipt of interest earnings.

Final Analysis

Stark State College is committed to establishing programs for in-demand fields that can increase enrollment and promote economic development in the College's service area. It is also committed to providing greater access through a revitalized satellite plan, academic outreach in Summit and surrounding counties and distance education. Following the replacement of the facilities in downtown Canton, the College entered into a lease-purchase Agreement for land owned by the City of Akron to build a new facility to serve the greater Akron/Summit County population. The College has continued to add to and improve its facilities in greater Akron/Summit County with the completion of a CDL training facility in Springfield Township in partnership with the City of Akron, and the replacement of its Barberton Materials Joining Training facility with a new facility on the Akron campus that opened for the Fall semester of 2022. Most recently, a state-of-the art 21st Century Digital Welding Center has been built using existing space in the Partnership Center on its Main Campus.

The College is dependent on the State of Ohio for funding. The State increased the annual State Share of Instruction operating subsidy for FY2024. The performance-based distribution model provided the College with additional funding. The State has taken the additional step to control the ability of institutions to raise fees or requiring approval of all fee increases by the Chancellor of the Department of Higher Education. To overcome limitations on our total resources, the College is working to increase productivity in the classroom, increase cost saving measures, improve operating efficiencies, and institute changes to the student fee schedule where permitted, change staffing strategies and implement additional cost reductions.

During the Fall term of 2023, most Ohio two-year colleges declined in enrollment compared to the prior academic year. Enrollment had been down at the College during most of the prior ten years. Management had developed a wide-ranging set of contingency options to consider in the event of a continuing downturn in the economy with the intent of not compromising its philosophy, goals, objectives and values. Many of these options were put into place for the FY2021 budget as the State of Ohio cautioned that SSI could be reduced, which fortunately did not happen, so the College restored funding to its budgeted activities for FY2022 and FY2023. Federal funding in excess of $16 million had been received in FY2022 by the College to replace revenues that were not received compared to the original budget prior to the pandemic. The College allocated $11 million of this to help students who continue to be impacted by general economic or access problems. The College deployed almost $1 million of these funds to support the College Foundation's initiatives to provide for greater student access in FY2024. The remainder of the revenue replacement will be used to assist the College strategic initiatives and projects as needed.

Management firmly believes that its ability to manage the overall financial position of the College is strong, and that the College has demonstrated positive results from operations during the past year, and will continue to plan to do so. The College's enrollment, reserves and cash position are sufficient to endure worsening conditions into the near term and to continue to invest in both its Main and Akron campuses. The College will bring about a necessary 'Digital Transformation' to meet the needs of the newest generation of students, recently displaced workers, and meet the needs of employers for workforce development programming, including the new Welding Center on the main campus which has opened for the Fall semester 2024.

Contacting the College's Financial Management

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

Stark State College

Statement of Net Position

June 30, 2024

Assets		
Current assets:		
Cash and cash equivalents	$	10,464,764
Student accounts receivable, net		5,345,799
Intergovernmental receivables		5,617,398
Other receivables, net		709,441
Foundation receivable		663,614
Leases receivable, current portion		544,722
Investments, Current		3,259,704
Advance payments and postponed charges		866,888
Insurance reserve		1,180,458
Inventories, at cost		902,835
Total current assets		29,555,623
Non-current assets:		
Investments, Long Term		34,354,886
Leases receivable		4,684,453
Advance payments and postponed charges		107,649
Insurance reserve		783,465
Net pension asset OPERS		326,095
Net OPEB asset OPERS		673,274
Net OPEB asset STRS		3,367,001
Capital assets not being depreciated		11,615,508
Capital assets, net of depreciation		84,888,931
Total non-current asset		140,801,262
Total assets		170,356,885
Deferred Outflow of Resources		
Pensions:		
Deferred outflows STRS		7,892,417
Deferred outflows OPERS		5,211,327
Deferred outflows OPERS OPEB		606,547
Deferred outflows STRS OPEB		529,994
Total deferred outflow of resources	$	14,240,285

(continued)

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Net Position (Continued)

June 30, 2024

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$	1,870,233
Unearned revenue		2,699,391
Accrued salaries and wages		1,924,845
Insurance claims payable		1,180,494
Compensated absences		202,399
Deposits held for others		230,547
Leases payable - current portion		91,588
Total current liabilities		8,199,497
Non-current liabilities		
Deposits		141,901
Leases payable		460,371
Executive compensation		508,408
Compensated absences		862,667
Net pensions liability OPERS		19,017,973
Net pensions liability STRS		37,281,900
Total noncurrent liabilities		58,273,220
Total liabilities		66,472,717
Deferred Inflows of Resources		
Leases:		
Deferred inflows		5,229,175
Pensions:		
Deferred inflows STRS		4,277,287
Deferred inflows STRS OPEB		2,803,535
Deferred inflows OPERS		823,254
Deferred inflows OPERS OPEB		387,705
Total deferred inflow of resources	$	13,520,956

(continued)

The accompanying notes are an integral part of these financial statements.

Net Position		
Net investment in capital assets	$	95,952,480
Restricted for:		
Non-expendable:		
Scholarships		380,159
Expendable:		
Public service		18,400
Instructional departments		68,208
Student services		201,248
Capital projects		82,660
Academic support		26,076
Institutional support		1,316
Total restricted		778,067
Unrestricted		7,872,950
Total net position	$	104,603,497

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Financial Position – Component Unit

June 30, 2024

Assets		
Cash and cash equivalents	$	2,179,864
Unconditional promises to give:		
Without donor restrictions		2,298
Donor restricted to student services		1,628
Donor restricted to scholarships		128,012
Investments held for others		372,173
Endowment assets:		
Long-term investments		10,790,888
Total assets		13,474,863
Liabilities		
Amounts due to College		652,289
Investments held for others		372,173
Total liabilities		1,024,462
Net Assets		
Without donor restrictions		785,071
With donor restrictions		11,665,330
Total net assets		12,450,401
Total net assets and liabilities	$	13,474,863

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Revenue, Expenses and Changes in Net Position

For the year ended June 30, 2024

Revenues		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $13,409,811)	$	21,158,849
Federal grants and contracts		1,652,071
State and local grants and contracts		1,809,972
Non-governmental grants and contracts		1,204,486
Sales and services of educational departments		20,699
Auxiliary enterprises: bookstore		2,994,287
Other operating revenues		2,000,898
Total operating revenues		30,841,262
Expenses		
Operating expenses:		
Educational and general:		
Instruction		32,097,837
Academic support		5,848,879
Student services		7,301,766
Institutional support		8,804,939
Operation and maintenance of plant		5,397,903
Student aid		8,266,347
Public service		1,142,391
Depreciation and amortization		5,673,716
Auxiliary enterprises: bookstore		3,148,890
Total operating expenses		77,682,668
Operating income (loss)		(46,841,406)
Non-operating revenues (expenses)		
State appropriations		31,938,799
Federal grants		12,796,265
State and local grants		950,172
Gifts		1,604,078
Investment income		778,272
Interest on capital asset-related debt		(15,188)
Other nonoperating revenues (expenses)		890,237
Net Nonoperating Revenues (Expenses)		48,942,635
Income Before Other Revenues, Expenses, Gains, or Losses		2,101,229
Capital appropriations		3,549,024
Total capital contributions		3,549,024
Increase in Net Position		5,650,253
Net Position		
Net Position, beginning of year		98,953,244
Net Position, end of year	$	104,603,497

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Activities and Changes in Net Assets – Component Unit

For the year ended June 30, 2024

Changes in net assets without donor restrictions:		
Support:		
Individuals	$	19,970
Corporations & foundations		289,689
In-kind donations		82,690
Investment return, net		87,066
Net assets released from restrictions:		
Restrictions satisfied by payments		2,531,669
Total support, revenues and gains without donor restrictions		3,011,084
Expenses:		
Student scholarships		1,822,006
Instructional supplies		1,434
Student services		51,096
Campus improvements		657,133
General and administrative		14,613
Total expenses		2,546,282
Increase in net assets without donor restrictions		464,802
Changes in net assets with donor restrictions:		
Support for:		
Scholarships and loans for students		1,420,379
Instructional equipment		178,800
Student services		261,148
Capital		121,106
Staff professional development		12,976
Investment return, net		1,415,014
Net assets released from donor restrictions		(2,531,669)
Transfer of in-kind donations		(82,690)
Increase in net assets with donor restrictions		795,064
Increase in total net assets		1,259,866
Net assets at beginning of year		11,190,535
Net assets at end of year	$	12,450,401

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Functional Expenses – Component Unit

For the year ended June 30, 2024

	Program	Management and General	Total Expenses
Functional Expenses:			
Subscriptions & publications	$ -	$ 12,713	$ 12,713
Travel and meals	-	1,900	1,900
Functional expenses, subtotal	-	14,613	14,613
Student scholarships	1,822,006	-	1,822,006
Student services	51,096	-	51,096
Instructional equipment	1,434	-	1,434
Campus improvements	657,133	-	657,133
Total functional expenses	$ 2,531,669	$ 14,613	$ 2,546,282

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Cash Flows

For the year ended June 30, 2024

Cash Flows from Operating Activities		
Tuition and fees	$	23,179,049
Grants and contracts		4,666,529
Payments to suppliers		(22,384,279)
Payments to employees and for benefits		(46,405,396)
Payments for student aid		(6,324,784)
Auxiliary enterprise charges: Bookstore		2,994,287
Sales and service of educational activities		20,699
Other receipts (payments)		1,441,323
Net cash provided (used) by operating activities		(42,812,571)
Cash Flows from Noncapital Financing Activities		
State appropriations		31,918,799
Federal grants		12,796,265
Gifts and grants for other than capital purposes		2,554,250
Stafford, PLUS, NEALP and other loans received		12,448,582
Stafford, PLUS, NEALP and other loans disbursed		(12,448,582)
Agency transactions		33,366
Net cash provided by noncapital financing activities		47,302,680
Cash Flows from Capital Financing Activities		
Capital appropriations		4,960
Purchases of capital assets		(2,017,077)
Principal paid on capital debt and leases		(150,660)
Interest paid on capital debt and leases		(12,954)
Net cash provided by capital financing activities		(2,175,731)
Cash Flows from Investing Activities		
Interest on investments		771,995
Net cash provided by investing activities		771,995
Net increase in cash		3,086,373
Cash - beginning of the year		7,378,391
Cash - end of year	$	10,464,764

(continued)

The accompanying notes are an integral part of these financial statements.

Stark State College

Statement of Cash Flows (continued)

For the year ended June 30, 2024

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (46,841,406)
Adjustments to reconcile net (loss) to net cash used by operating activities:	
Depreciation and amortization expense	5,673,717
Changes in assets and liabilities:	
Receivables, net	2,974,481
Inventories	(112,065)
Other assets	(591,991)
Net pension / OPEB asset	465,972
Deferred outflows - pensions and OPEB	6,408,331
Accounts payable	(870,089)
Accrued salaries and wages	(97,776)
Advance revenue	(935,465)
Net pension liability	(6,012,545)
Deferred inflows - pensions and OPEB	(2,873,735)
Net cash used by operating activities	$ (42,812,571)
Noncash transactions:	
Change in capital assets purchased on credit	$ 445,148

The accompanying notes are an integral part of these financial statements.

Note 1: Description of the Entity

Stark State College (the "College") was originally chartered in 1966 under provisions of the Ohio Revised Code as a Technical College. The College offers more than 230 associate degrees, options, one-year and career enhancement certificates in business and entrepreneurial studies; education and human services; engineering, industrial and emerging technologies; health sciences; information technologies; liberal arts; mathematics; and sciences. Degrees awarded are: associate of arts, associate of science, associate of applied science, associate of applied business and associate of technical studies. The College also offers degrees in conjunction with other four-year universities. A wide range of short-term career enhancement certificates help employees improve skills and gain a competitive edge in a society with rapidly changing technology. Career enhancement certificates lead to associate degrees and one-year certificates in various fields of study. The College also offers non-credit continuing education classes and customized contract-training services to companies and employees in the region. A nine-member Board of Trustees governs the College, which is a political subdivision of the State of Ohio.

Component units are legally separate organizations for which the College is financially accountable or for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financials to be misleading. Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations Are Component Units, requires the College to reflect the Stark State College Foundation (the "Foundation") as a discretely presented component unit in the financial statements based on the significance of the relationship with the College. The Foundation is a legally separate, not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Foundation is a tax-exempt entity that acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and distributes payments to or on behalf of the College for scholarships and programs. It is reported separately to emphasize that it is legally separate from the College. Complete financial statements may be obtained from the Foundation office at 6200 Frank Avenue N.W. North Canton, Ohio 44720.

The Foundation uses non-governmental generally accepted accounting principles in the United States of America (GAAP) as a reporting model. Therefore, the Foundation's Statement of Position, Statement of Activities and Statement of Functional Expenses are reported on a separate page following the College's Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and before the Statement of Cash Flows. The economic resources received or held by the Foundation that the College is entitled to or has the ability to access are significant to the College.

Note 2: Summary of Significant Accounting Policies

The financial statements of the College have been prepared in conformity with GAAP as prescribed by the GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant College accounting policies are described below:

Note 2: Summary of Significant Accounting Policies (continued)

Basis of Presentation - The College follows the "business-type activities" reporting requirements of GASB Statement No. 35. In accordance with GASB Statement No. 35, Basic Financial Statements-and Management Discussion and Analysis-for Public Colleges and Universities, the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows are reported on a College-wide basis.

Measurement Focus - The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. All significant inter-fund transactions have been eliminated.

Operating and Non-Operating Revenues and Expenses - Operating revenues and expenses are those that generally result from exchange transactions such as payments received for providing goods and services and payments made for goods or services. Non-operating revenues and expenses result from financing activities, including state appropriations, and investing activities.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. A portion of the student tuition and fees for the summer session 2024 and all of the payments of student tuition and fees resulting from early registration for the fall session 2024 are included in unearned revenue.

Lease liability – in accordance with GASB Statement No. 87, effective for years ending after June 15, 2022, the College records lease liabilities at the net present value of the noncancelable lease payments, amortizing the discount over the life of the leases.

Deferred Outflow/Inflow of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. Deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resource (expense/expenditure) until then. For the College, deferred outflows of resources include deferred charges for pension and other postemployment benefit plans. Deferred outflow of resources related to pension and other postemployment benefit plans are explained in Notes 8 and 9.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflow of resources. Deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources include leases, pensions and other postemployment benefit plans. Deferred inflows of resources related to pension and other postemployment benefit plans are explained in Notes 8 and 9.

Pension/Other Postemployment Benefit Plans - For purposes of measuring net pension liability and net other postemployment benefit liability, deferred outflow of resources and deferred inflow of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expense, information about the fiduciary net position of the pension and other postemployment benefit plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Investments - Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as overnight repurchase agreements are reported at cost.

The College adheres to GASB Statement No. 40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3. This statement amends certain custodial risk provisions of GASB Statement No. 3 and addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

Note 2: Summary of Significant Accounting Policies (continued)

During fiscal year 2024, investments were limited to STAR Ohio, U.S. Treasury and Agency items, mutual funds, corporate notes and corporate stock.

During fiscal year 2024, the College invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "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 an NAV per share that approximates fair value.

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

For purposes of the presentation on the Statement of Net Position, investments with original maturities of three months or less at the time they are purchased by the College are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Inventory – Inventory consists of supplies and merchandise in the College's bookstore that is valued at cost on a first-in, first-out basis.

Grants and Scholarships – Student tuition and fees are presented net of grants and scholarships applied directly to student accounts.

Capital Assets – Land, land improvements, buildings and leasehold improvements, infrastructure, equipment, software and library books are stated at original acquisition costs. Donated capital assets are capitalized at estimated acquisition value on the date of the gift. When capital assets are sold or otherwise disposed of, the acquisition value of such assets is removed from the accounts and the net investment in capital assets component of net position is adjusted accordingly. Capital assets, with the exception of land, are depreciated on the straight-line method over the following estimated useful lives and capitalization limits:

Asset Class	Estimated Useful Life (Years)	Capitalization Threshold
Land Improvements	20 to 30	$25,000
Buildings and Building Improvements	5 to 40	$50,000
Leasehold Improvements	3 to 15	$10,000
Equipment and Software	3 to 25	$5,000
Infrastructure	20 to 50	$250,000
Intangible Right to Use	1 to 5	$250,000
Bulk Purchases	3 to 5	$250,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Note 2: Summary of Significant Accounting Policies (continued)

Insurance Reserve – The insurance reserve is based on a percentage of ownership in the Stark County Local School System – Health Benefit Plan, which is prepared by the Stark County Schools Council of Governments.

Compensated Absences – Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

a) The employees' rights to receive compensation are attributable to services already rendered.
b) It is probable that the employer will compensate the employee for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The College has accrued a liability for these compensated absences using the termination method. A liability is reported when the benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments"). The sick leave liability has been based on the College's past experience of making termination payments.

Net Position – Net position represents the difference between all other elements in a Statement of Net Position. Net position is classified into the following three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use. The College identifies restricted net position as either non-expendable or expendable. Non-expendable net position represents endowment contributions from donors that are permanently restricted as to principal. Expendable net position relates to grants and contract activity, whose use is subject to externally imposed restrictions. As of June 30, 2024, the College's restricted net position is $778,067, none of which were restricted by enabling legislation.

Unrestricted net position is not subject to restrictions and may be designated for specific purposes by the Board of Trustees.

The College first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position resources are available.

Note 3: Cash and Investments

A. Policies and Practices – It is the responsibility of the Business and Finance Department to deposit and invest the College's idle funds. The College's practice, with the exception of some endowment charitable gifts, is to limit investments to United States Treasury notes and bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other United States agencies for which the principal and interest is guaranteed by the United States Government. The College does not enter into reverse repurchase agreements.

   The investment and deposit of College monies is governed by the Ohio Revised Code. In accordance with the Ohio Revised Code, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. Also, the investment of the College's funds are restricted to certificates of deposit,

Note 3: Cash and Investments (continued)

savings accounts, money market accounts and the State Treasurer's Investment Pool (STAR Ohio), obligations of the United States Government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities. The College may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. These institutions may specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or meet the specific requirements in law to participate in the Treasurer of the State of Ohio's Pooled Collateral Program. Huntington participates in Ohio's Pooled Collateral Program at 50% of total value. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for the public deposits and investments to be maintained in the College's name.

B. Cash on Hand – At June 30, 2024, the College had $154,930 in un-deposited cash on hand, which is included in "cash and cash equivalents" on the accompanying Statement of Net Position.

C. Deposits – At June 30, 2024, the reported amount of the College's deposits was $916,153 and the bank balance was $1,984,918, of which $250,000 was covered by the FDIC insured limit and $992,459 was collateralized in accordance with Ohio Revised Code Section 135.

D. Investments – The College had the following investments and maturities as of June 30, 2024:

	As of 6/30/2024	Investment Maturity (in years)		
Investment Type	**Measurement Value**	**Less than 1**	**1-5**	**More than 5**
Insurance Reserve	$ 1,963,923	$ 1,180,458	$ 783,465	$ -
Star Ohio	$ 9,141,200	$ 9,141,200	$ -	$ -
Investments:				
Money Market Funds	$ 252,480	$ 252,480	$ -	$ -
U.S. Agencies	$ 36,791,615	$ 2,524,707	$ 34,258,167	$ 8,741
Corporate Notes	$ 93,821	$ 5,842	$ 44,534	$ 43,445
Mutual Funds	$ 520,556	$ 520,556	$ -	$ -
Corporate Stock	$ 208,599	$ 208,599	$ -	$ -
Total	**$48,972,194**	**$13,833,842**	**$35,086,166**	**$ 52,186**

The investment in STAR Ohio and money market funds are reported in "cash and cash equivalents" in the Statement of Net Position.

Note 3: Cash and Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's Investment Policy prohibits the purchase of securities that will mature more than five years from the date of settlement. Investments maturing in greater than 5 years are maintained in the Stark State College Foundation investment portfolio.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: The College places no limit on the amount that may be invested in any one issuer.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Investments had the following ratings by Standard & Poor's and their percentage of total investments:

Type	Rating	Percentage
Corporate Notes	A-	0.1%
Corporate Stock	AA+	0.1%
Corporate Stock	BBB	0.1%
Corporate Stock	BBB-	0.1%
Corporate Stock	BBB+	0.1%
Corporate Stock	NR	0.2%
US Agencies	AA+	76.2%
Insurance Reserve	NR	4.0%
Money Market	AAAm	0.5%
Star Ohio	AAAm	18.6%
Total		**100.0%**

Note 4: Fair Value Measurements

The College has implemented GASB Statement No. 72 which requires establishment of a Fair Value measurement. The pronouncement has established three levels of measurement, Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant observable inputs and Level 3 inputs are significant unobservable inputs. The College has reviewed the inputs to these fair values and considers various factors and judgements related to the specific asset or liability.

Stark State College has the following recurring Fair Value measurements for June 30, 2024:

		Fair Value Measurements		
Investment Type	Balance at 6/30/24	Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Insurance Reserve	$ 1,963,923	$ -	$ 1,963,923	$ -
U.S. Agencies	$ 36,791,614	$ -	$ 36,791,614	$ -
Corporate Notes	$ 93,821	$ -	$ 93,821	$ -
Mutual Funds	$ 520,556	$ 520,556	$ -	$ -
Corporate Stock	$ 208,599	$ 208,599	$ -	$ -
Total	**$39,578,514**	**$729,156**	**$38,849,358**	**$0**

The Star Ohio and money market fund balances of $9,141,200 and $252,480, respectively, as of June 30, 2024 are not included in the table above.

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

- U.S. Agencies, corporate notes, and negotiable certificates of deposit are measured based on Level 2 inputs, using matrix pricing.
- Mutual Funds and Corporate Stock are measured based on quoted market prices.
- The Insurance Reserve is comprised of both commercial paper and Level 2 investments. The commercial paper is valued at fair value and is excluded from the table above.
  The level 2 investments are valued using matrix pricing.

Note 5: Capital Assets

A summary of the changes in capital assets and accumulated depreciation for the year ended June 30, 2024, is as follows:

	Balance 6/30/2023	Additions	Disposals	Transfers	Balance 6/30/2024
Capital assets not being depreciated:					
Land	$ 7,862,051	$ -	$ -	$ -	$ 7,862,051
Construction in Process	843,151	3,276,438	-	(366,132)	3,753,457
Total capital assets not being depreciated:	8,705,202	3,276,438	-	(366,132)	11,615,508
Capital assets being depreciated:					
Land Improvements	8,025,619	572,956	-	-	8,598,575
Building and Leasehold Improvements	146,064,815	542,573	-	366,132	146,973,520
Right to Use Leased Bldg	227,566	-	-	-	227,566
Equipment	10,474,301	1,607,016	(88,343)	-	11,992,974
Infrasructure	343,244	-	-	-	343,244
Software	5,966,488	-	-	-	5,966,488
Total capital assets being depreciated:	171,102,033	2,722,545	(88,343)	366,132	174,102,367
Less accumulated depreciation and amortization:					
Land Improvements	5,263,741	332,349	-	-	5,596,090
Building and Leasehold Improvements	64,539,018	4,526,197	-	-	69,065,215
Right to use leased building	115,620	57,090	-	-	172,710
Equipment	7,421,265	750,574	(51,290)	-	8,120,549
Infrastructure	284,878	7,506	-	-	292,384
Software	5,966,488	-	-	-	5,966,488
Total accumulated depreciation and amortization:	83,591,010	5,673,716	(51,290)	-	89,213,436
Capital assets being depreciated,	87,511,023	(2,951,171)	(37,053)	-	84,888,931
Capital assets, net:	$ 96,216,225	$ 325,267	$ (37,053)	$ -	$ 96,504,439

Note 6: Leases

Stark State College leases buildings and parking lots on a month-to-month basis and under long-term lease agreements. Rent expense totaled $118,379 during the year ended June 30, 2024. Aggregate future minimum lease payments under these non-cancelable operating lease agreements are as follows for the years ending June 30:

	Imputed Interest	Principal	Total
2025	$ 3,675	$ 54,855	$ 58,530

Stark State College leases buildings, equipment, and parking lots to companies for specific days and under long-term lease agreements. Rental Income totaled $779,390 during the year ended June 30, 2024. Aggregate future minimum lease receipts under the non-cancellable lease agreements are as follows for the years ending June 30:

	Imputed Interest	Principal	Total
2025	$ 11,939	$ 544,722	$ 556,661
2026	33,849	524,490	558,339
2027	48,232	454,247	502,479
2028	69,489	458,472	527,961
Thereafter	1,340,744	3,247,244	4,587,988
	$ 1,504,254	$ 5,229,175	$ 6,733,429

Note 6: Leases (continued)

Lease Obligation Payable. The College entered into a Ground Lease-Purchase Agreement on August 23, 2016 for land in Akron, Ohio and is classified as a financed purchase. Land valued at $764,041 is being purchased from the City of Akron, Ohio and used to build the Akron Satellite for Stark State College. The ground lease-purchase agreement transfers ownership of the land to Stark State College at the end of the lease term, which is twenty years. The following is a schedule showing the future minimum lease payments as of June 30, 2024. The interest rate used is an imputed rate of 2.16% to compute present value, and the annual payments due are $47,469.

	Imputed Interest	Principal	Total
2025	**$ 10,737**	**$ 36,732**	**$ 47,469**
2026	**$ 9,944**	**$ 37,525**	**$ 47,469**
2027	**$ 9,133**	**$ 38,336**	**$ 47,469**
2028	**$ 8,305**	**$ 39,164**	**$ 47,469**
2029	**$ 7,460**	**$ 40,009**	**$ 47,469**
Thereafter	**$ 26,946**	**$ 305,337**	**$ 332,283**
Present value of minimum lease payments	**$ 72,525**	**$ 497,103**	**$ 569,628**

Note 7: Long-Term Liabilities

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Net Pension / OPEB Liability:					
OPERS	$ 22,512,467	$ -	$ 3,494,494	$ 19,017,973	
OPERS OPEB	$ 499,409	$ -	$ 499,409	$ -	
STRS	$ 39,300,542	$ -	$ 2,018,642	$ 37,281,900	
Total Net Pension / OPEB Liability	$ 62,312,418	$ -	$ 6,012,545	$ 56,299,873	
Other Long-Term Liabilities:					
Ground Lease - City of Akron	$ 533,058	$ -	$ 35,955	$ 497,103	$ 36,732
Deposits	$ 141,488	$ 942	$ 529	$ 141,901	$ -
Executive Compensation	$ 451,017	$ 57,391		$ 508,408	$ -
Compensated Absences	$ 1,060,012	$ 5,054	$ -	$ 1,065,066	$ 202,399
Lease Liability	$ 111,946	$ -	$ 57,090	$ 54,856	$ 54,856
Other Long-Term Liabilities	$ 2,297,521	$ 63,387	$ 93,574	$ 2,267,334	$ 293,987
Total Long-Term Liabilities	$ 64,609,939	$ 63,387	$ 6,106,119	$ 58,567,207	$ 293,987

Note 8: Pension Plans

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

Net Pension Liability or Asset

The net pension liability or asset reported on the statement of net position represents a liability or asset 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 or asset 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 or asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 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 or asset. Resulting adjustments to the net pension liability or asset 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 or asset on the accrual basis of accounting. Any liability for the contractually-required employer contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

A. Ohio Public Employees Retirement System

Plan Description – The College employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD.

Note 8: Pension Plans (continued)

While members (e.g. College employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; the following disclosure focuses on the traditional and the combined plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and service requirements:	**Age and service requirements:**	**Age and service requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

Note 8: Pension Plans (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
2023 Statutory maximum contribution rates		
Employer	14.00	%
Employee	10.00	%
2023 Actual contribution rates		
Employer:		
Pension	14.00	%
Post-employment health care benefits *		
Traditional	-	
Combined	2.00	%
Total employer	14.00	%

* Beginning in 2018, OPERS allocated all of the 14% employer contribution rate to funding pension for both the Traditional Pension and Combined plans with no funding to health care. Effective July 1, 2022, OPERS began allocating 2% of the 14% employer contribution rate to health care funding for the Combined Plan.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The College's OPERS contractually required contribution for the Traditional Plan and Combined Plan was $903,455 and $29,460 for 2024. Of this amount, $186,837 is reported as liability.

B. State Teachers Retirement System

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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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

Note 8: Pension Plans (continued)

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

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The College's contractually required contribution to STRS was $3,197,761 for fiscal year 2024. Of this amount $157,823 is reported as a liability.

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

The net pension liability or asset was measured as of June 30, 2023 and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability or asset was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Note 8: Pension Plans (continued)

	OPERS Traditional	OPERS Combined	STRS	Total
Proportion of the net pension liability - prior measurement date	0.07621000%	0.10805400%	0.17678956%	
Proportion of the net pension liability - current measurement date	0.07264200%	0.10608800%	0.17312286%	
Change in proportionate share	-0.00356800%	-0.00196600%	-0.00366670%	
Proportionate share of the net pension liability (asset)	$ 19,017,973	$ (326,095)	$ 37,281,900	$ 55,973,778
Pension expense	$ 108,561	$ 16,950	$ 2,386,578	$ 2,512,089

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

	OPERS Traditional	OPERS Combined	STRS	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 310,833	$ 13,214	$ 1,359,220	$ 1,683,267
Changes of assumptions	-	12,102	3,070,366	3,082,468
Net difference between projected and actual earnings on pension plan investments	3,838,638	53,037	-	3,891,675
Changes in proportionate share and difference between College contributions and proportionate share of contributions	-	50,588	265,070	315,658
College contributions subsequent to the measurement date	903,455	29,460	3,197,761	4,130,676
Total deferred outflows of resources	$ 5,052,926	$ 158,401	$ 7,892,417	$ 13,103,744
Deferred inflows of resources				
Differences between expected and actual experience	$ -	$ 32,253	$ 82,730	$ 114,983
Changes of assumptions	-	-	2,311,103	2,311,103
Net difference between projected and actual earnings on pension plan investments	-	-	111,735	111,735
Changes in proportionate share and difference between College contributions proportionate share of contributions	776,956	14,045	1,771,719	2,562,720
Total deferred inflows of resources	$ 776,956	$ 46,298	$ 4,277,287	$ 5,100,541

$4,130,676 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Note 8: Pension Plans (continued)

Fiscal Year	OPERS Traditional	OPERS Combined	STRS	Total
2025	$ 308,777	$ 17,052	$ (796,770)	$ (470,941)
2026	1,160,743	22,720	(1,986,924)	(803,461)
2027	2,449,603	38,711	3,552,056	6,040,370
2028	(546,608)	(1,613)	(350,993)	(899,214)
2029	-	5,562	-	5,562
Thereafter	-	211	-	211
Total	$ 3,372,515	$ 82,643	$ 417,369	$ 3,872,527

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75 percent
Future salary increases, including inflation -Traditional plan	2.75 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	2.75 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2023, then 2.05 percent, simple
Investment rate of return	6.9 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

Note 8: Pension Plans (continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% for 2023.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset class	Target allocation	Weighted average long-term expected real rate of return (arithmetic)
Fixed income	24.00%	2.85%
Domestic equities	21.00%	4.27%
Real estate	13.00%	4.46%
Private equity	15.00%	7.52%
International equities	20.00%	5.16%
Risk parity	2.00%	4.38%
Other investments	5.00%	3.46%
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.9%, 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 (5.9%) or one-percentage-point higher (7.9%) than the current rate:

Note 8: Pension Plans (continued)

Traditional Plan	1% Decrease	Current discount rate	1% Increase
College's proportionate share of the net pension liability	$ 29,939,400	$19,017,973	$ 9,934,520
Combined Plan			
College's proportionate share of the net pension (asset)	$ (197,324)	$ (326,095)	$ (427,535)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.5 percent	2.5 percent
Projected salary increases	Varies be service from 2.5 percent to 8.5 percent	Varies be service from 2.5 percent to 8.5 percent
Investment rate of return	7.0 percent, net of investment expenses, including inflation	7.0 percent, net of investment expenses, including inflation
Discount rate of return	7.0 percent	7.0 percent
Projected payroll growth	3.0 percent	3.0 percent
Cost-of-Living Adjustment (COLA)	0.0 percent	0.0 percent

For 2023 and 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 and 2022 valuation are based on the results of an actuarial experience s 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: 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 %	

* Final target weights reflected at October 1, 2022.
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the 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 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 57,331,311	$37,281,900	$20,325,585

Assumptions and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00% for the June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

C. Alternative Retirement Plan

Plan Description – An Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher learning. Full-time administrative and professional staff are eligible to choose a provider, in lieu of STRS and

Note 8: Pension Plans (continued)

OPERS, from the list of eight private providers currently approved by the Ohio Department of Insurance and who hold agreements with the College. New employees who qualify for the ARP have 120 days from date of hire to make an irrevocable election to participate in the ARP. For employees who elected participation in the ARP, employee contributions to STRS and OPERS were transferred from those plans and invested in individual accounts established with one of the eight providers. Employee and employer contributions equal to those required by OPERS and STRS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

The ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. The College plan provides 100% plan vesting immediately.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. Under this plan, employees who would have otherwise been required to participate in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of eight private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Department of Higher Education. That amount is 2.91 percent for STRS and 2.24 percent for OPERS for the year ended June 30, 2024. The employer also contributes what would have been the employer's contribution under STRS or PERS, less the aforementioned percentages, to the private provider selected by the employee.

The employee contribution rates for the current fiscal year is as follows:

Employee Contribution Rate

	STRS		OPERS	
Period	Traditional	ARP	Traditional	ARP
7/1/23 - 6/30/24	14%	14%	10%	10%

The employer contribution rates for the current fiscal year is as follows:

Employer Contribution Rate

	STRS			OPERS		
		ARP			ARP	
Period	Traditional	STRS	ARP	Traditional	OPERS	ARP
7/1/23 - 6/30/24	14%	2.91%	11.09%	14%	2.24%	11.76%

The College's required contributions for pension obligations to the plan for the fiscal year ended June 30, 2024 was $212,047, of which 100% has been contributed.

Note 9: Post-Employment Benefits

Net OPEB Liability or Asset

The net OPEB liability or asset reported on the statement of net position represents a liability or asset to 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 or 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 or asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The 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 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 or asset. Resulting adjustments to the net OPEB liability or 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 asset on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in intergovernmental payables.

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

Note 9: Post-Employment Benefits (continued)

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

- Group A 30 years of qualifying service credit at any age;
- Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
- Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don’t meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Note 9: Post-Employment Benefits (continued)

The heath care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0% and in the Combined Plan was 2% during calendar year 2023. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The College's contractually required contribution was $4,209 for 2024.

B. State Teachers Retirement System

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. 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 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Note 9: Post-Employment Benefits (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, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability (asset) was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	STRS	Total
Proportion of the net OPEB liability - prior measurement date	0.0792060%	0.1767896%	
Proportion of the net OPEB liability - current measurement date	0.0745990%	0.1731229%	
Change in proportionate share	-0.0046070%	-0.0036667%	
Proportionate share of the net OPEB liability (asset)	($673,274)	($3,367,001)	($4,040,275)
OPEB expense	($107,552)	($285,838)	($393,390)

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

	OPERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 5,249	$ 5,249
Changes of assumptions	173,335	496,009	669,344
Net difference between projected and actual earnings on pension plan investments	404,339	6,011	410,350
Changes in proportionate share and difference between College contributions and proportionate share of contributions	28,873	22,725	51,598
Total deferred outflows of resources	$ 606,547	$ 529,994	$ 1,136,541
Deferred inflows of resources			
Differences between expected and actual experience	$ 95,826	$ 513,550	$ 609,376
Changes of assumptions	289,420	2,221,497	2,510,917
Changes in proportionate share and difference between College contributions and proportionate share of contributions	2,459	68,488	70,947
Total deferred inflows of resources	$ 387,705	$ 2,803,535	$ 3,191,240

Note 9: Post-Employment Benefits (continued)

The College does not report any deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPERS	STRS	Total
2025	$ (983)	$ (1,046,446)	$ (1,047,429)
2026	41,614	(452,216)	(410,602)
2027	314,742	(169,060)	145,682
2028	(136,531)	(232,370)	(368,901)
2029	-	(211,907)	(211,907)
2030	-	(211,898)	(211,898)
2031	-	50,356	50,356
Total	$ 218,842	$ (2,273,541)	$ (2,054,699)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 75:

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Projected salary increases	2.75 to 10.75 percent (includes wage inflation at 2.75 percent)
Single discount rate:	
Current measurement date	5.7 percent
Prior measurement date	5.22 percent
Investment rate of return	6.00 percent
Municipal bond rate	3.77
Health care cost trend rate	5.50 percent, initial 3.50 percent, ultimate in 2038
Actuarial cost method	Individual entry age normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are

Note 9: Post-Employment Benefits (continued)

based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset class	Target allocation	Weighted average long-term expected real rate of return (arithmetic)
Fixed income	37.00%	2.82%
Domestic equities	25.00%	4.27%
Real estate investment trust	5.00%	4.68%
International equities	25.00%	5.16%
Risk parity	3.00%	4.38%
Other investments	5.00%	2.43%
Total	100.00%	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

Discount Rate A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected

Note 9: Post-Employment Benefits (continued)

to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the College's proportionate share of the net OPEB asset calculated using the single discount rate of 5.70 percent, 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 (4.70 percent) or one-percentage-point higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current discount rate (5.70%)	1% Increase (6.70%)
College's proportionate share of the net OPEB liability (asset)	$ 370,011	$ (673,274)	$ (1,537,485)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
College's proportionate share of the net OPEB liability (asset)	$ (701,231)	$ (673,274)	$ (641,551)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

Note 9: Post-Employment Benefits (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50 percent	2.50 percent
Projected salary increases	Varies be service from 2.50 percent to 8.50 percent	Varies be service from 2.50 percent to 8.50 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent	7.00 percent
Payroll increases	3.00 percent	3.00 percent
Health care cost trends		

	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50 percent	4.14 percent	7.50 percent	3.94 percent
Medicare	-10.94 percent	4.14 percent	-68.78 percent	3.94 percent
Prescription Drug				
Pre-Medicare	-11.95 percent	4.14 percent	9.00 percent	3.94 percent
Medicare	1.33 percent	4.14 percent	-5.47 percent	3.94 percent

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

For 2023 and 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

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

Note 9: Post-Employment Benefits (continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset	$ (2,849,725)	($3,367,001)	($3,817,492)

	1% Decrease	Current trend rate	1% Increase
College's proportionate share of the net OPEB asset	$ (3,838,397)	($3,367,001)	($2,799,211)

Note 10: Contingencies

Federal and State Grants

The College participates in certain state and federally-assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Any disallowed claims resulting from such audits could become a liability of the College. However, in the opinion of management of the College, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2024.

Litigation

The College is unaware of any unasserted claims pending against it as of June 30, 2024. During the normal course of business, the College is subject to occasional legal proceedings, claims, and contract disputes. In the opinion of management, the eventual outcome of any current proceedings and claims against the College will not materially affect its financial condition or operations.

Note 11: Risk Management

The College is exposed to various risks of loss related to tort, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. By maintaining comprehensive insurance coverage with private carriers, the College has addressed these various types of risk. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year. The College is a member of the Stark County Schools Council of Governments, a shared risk pool (see Note 2 Insurance Reserves), which was established to provide a partially self-funded health benefits program to its members, and pays monthly premiums to SCSCOG for its health care coverage.

The insurance claims payable of $1,180,494 is based on the requirements of GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the Council of Governments. A summary of the claims liability during the past two fiscal years is as follows:

Note 11: Risk Management (continued)

Fiscal Year		Balance at July 1		Current Year Claims		Claim Payments		Balance at June 30
2024	$	1,173,606	$	6,455,371	$	6,448,483	$	1,180,494
2023	$	993,826	$	8,295,037	$	8,115,257	$	1,173,606

Note 12: Discretely Presented Component Unit

DESCRIPTION OF THE REPORTING ENTITY

The Stark State College Foundation (the "Foundation") is organized and operated exclusively for educational, scientific or charitable purpose by conducting and supporting activities which benefit or carry out the purpose of the Stark State College (the "College"). The College is a state institution of higher learning, authorized and existing under Chapter 3357 of the Ohio Revised Code. The Foundation is a not-for-profit organization in accordance with Section 501(c)(3) of the Internal Revenue Code and is empowered to exercise all rights and powers conferred by the laws of Ohio upon non-profit corporations. The Foundation is a component unit of the College.

The Foundation's primary sources of revenue are public support received through donations from individuals, corporations, foundation, and trusts primarily located in northeast Ohio.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified as with and without donor-imposed restrictions.

Financial Statement Presentation

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU') 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the previous reporting for not-for-profit entities and enhances some disclosures. The changes require only two net asset types as more fully described below 1) "net assets with donor restrictions 2) "net assets without donor restriction".

The financial statements for the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), as the single source of authoritative accounting principles.

ASC 958: Not-for-Profit Entities requires that the Foundation report information regarding its financial position and activities to the following net asset classifications:

* Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and board of directors.

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

Note 12: Discretely Presented Component Unit (continued)

Donor restricted contributions are reported as increases to net with donor restrictions. When restrictions expire net assets are reclassified from net assets with donor restriction to net assets without donor restrictions in the statement of activities.

The net assets with donor restrictions as of June 30, 2024 are stipulated for the following purposes:

Scholarships	$	**9,826,915**
Instructional equipment and supplies		**193,105**
Student Services		**1,092,997**
Professional development		**249,891**
Campus improvements		**302,422**
Total net assets with donor restrictions	$	**11,665,330**

Contributions

The Foundation reports contributions in accordance with ASC 958. ASC 958 requires that unconditional promises to give with payments due in future periods be recorded as either net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires when the stipulated time restriction ends or the purpose restriction is accomplished the net assets with donor restrictions are reclassed to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets as a non-operating activity. Investment fees were $66,541 during the year ended June 30, 2024.

Investments of net assets with donor restrictions and without donor restrictions are pooled for making investment transactions and are carried at market value. Interest and dividend income, gains and losses are allocated based on having donor restrictions.

Promises to Give

Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods, with or without donor restrictions for specific purposes are reported as support. Conditional promises are recorded when donor stipulations are substantially met.

Management analyzes the promises to give on a continuing basis to determine collectability and to assess the need for an allowance for doubtful accounts. Pledges are written off when collection is considered doubtful. No allowance was established as of June 30, 2024.

Note 12: Discretely Presented Component Unit (continued)

The Foundation requires an initial minimum balance of $5,000 to establish an endowed scholarship fund. The policy allows a period, generally not to exceed 60 months, for the accumulation of contributions and interest to meet the minimum $5,000 requirement.

Estimates

The preparation of the financial statements in conformity with accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and related notes. Actual results may differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments, and promises to give.

The Foundation has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are overseen by a committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the committee believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to promises to give is limited due to the number and credit worthiness of the foundations, corporations, governmental units, and individuals who comprise the contributor base. At various times during the year ended June 30, 2024, the Foundation's cash in bank balances may have exceeded the federal insured limits.

Donated Administrative Expenses

Certain administrative functions of the Foundation are performed by administrative employees of the College. The value of these services is not recognized in these financial statements.

In-Kind Donations

In-kind donations, when received are reflected in the accompanying Statement of Activities at their estimated fair value as of the date of receipt. Such in-kind support is offset by like amounts in instructional equipment and supplies in the accompanying Statement of Activities.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 11, 2024, the date the financial statements were available to be issued.

Investments

Investments consist of the following at June 30, 2024:

	Foundation	Held for College
Fixed income	$ 3,262,660	$ 113,297
Cash equivalents	840,348	-
Equity	$ 6,687,880	258,876
	$ 10,790,888	**$ 372,173**

Note 12: Discretely Presented Component Unit (continued)

Fair Value Measurements

Fair Value of Financial Instruments – The Foundation adopted applicable sections of the ASC 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three- tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels below:

Level 1 – quoted prices in active markets for identical assets and liabilities

Level 2 – other significant observable inputs (including quoted prices for similar assets and liabilities, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the assets and liabilities)

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

	Level 1	Level 2	Total
Equity:			
Corporate stock	$ 4,018,776	-	$ 4,018,776
Fixed Income:			
Corporate notes	-	2,122,079	$ 2,122,079
Mutual funds	2,677,523	-	$ 2,677,523
U.S. agencies	-	1,132,162	$ 1,132,162
Money Market funds	840,348	-	$ 840,348
	$ 7,536,647	$ 3,254,241	$ 10,790,888

Note 12: Discretely Presented Component Unit (continued)

The following is a summary of the inputs used as of June 30, 2024, in valuing the Foundation's investments held on behalf of others carried at fair value.

	Level 1	Level 2	Total
Equity:			
Corporate stock	$ 150,311	$ -	$ 150,311
Fixed Income:			
Corporate notes	-	79,371	79,371
Mutual funds	100,146	-	100,146
Money Market funds	-	-	-
US Agencies	-	42,345	42,345
	$ 250,457	$ 121,716	$ 372,173

The corporate notes and U.S. agencies are valued using a "matrix-based" pricing model. This pricing model analyzes investments with similar attributes.

ENDOWMENT FUND

The Foundation endowments are established for a variety of purposes. The Foundations endowment includes contributed funds to be maintained in perpetuity or donor-restricted funds contributed for a specific purpose or term. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As described in Note 1, FASB ASU 2016-14 prescribes new guidelines for expenditure of donor-restricted endowment funds where the focus is shifted from prudent spending to the management of the entirety of the fund. The amount that is classified as donor-restricted is the amount of the fund that (a) must be retained permanently in accordance with explicit donor stipulations, or (b) that in the absence of such stipulations, the Foundation's Board of Directors determines must be retained permanently under the relevant law.

Note 12: Discretely Presented Component Unit (continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Net asset balances June 30, 2023	$ 74,776	$ 9,577,033	$ 9,651,809
Investment return, net			
Interest and dividends	1,921	244,233	246,154
Realized and unrealized gains	9,685	1,145,524	1,155,209
Expenses	(457)	(57,385)	(57,842)
Tranfers In	-	171,858	171,858
Contributions	-	335,172	335,172
Appropriation of funds for expenditure	-	(643,281)	(643,281)
Net asset balances June 30, 2024	$ 85,925	$ 10,773,154	$ 10,859,079

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of the College. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as board-designated funds. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In recognition of the difficulty in predicting the direction of the markets or future state of the economy, the Foundation's assets are diversified among asset classes, managers/funds, and investment styles. The Board has determined that 60% to 70% of the investment portfolio be allocated to equities, including international securities, and 30% to 40% be allocated to fixed income or cash investments. The Board also reviews the portfolio on a regular basis (at least annually) to consider the portfolio's asset mix relative to its target and the allowable range around the target.

The investment strategy for the Foundation's portfolio indicates the principal category of equity investments will be common stocks with primary emphasis on high quality companies that are financially sound and that have favorable prospects for earnings growth. The largest percentage of fixed income investments will be invested in portfolios of high

Note 12: Discretely Presented Component Unit (continued)

quality (primarily A- to AAA- rated) corporate bonds, U.S. Treasury, and U.S. Government Agency securities. Investments in foreign securities may comprise 15% to 25% of equity investments based upon market conditions and investment manager discretion. In addition to asset classes, the Foundation may be diversified between managers/funds and investment styles, as well. The purpose of this approach is to incorporate prudent diversification within the Foundation, enhancing expected returns, and/or reducing risk of the total portfolio. This structure will be reviewed by the investment committee on an ongoing basis as part of the overall monitoring process.

Spending Policy

The Foundation's spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 6% of the three-year average market value of a designated endowment fund to be distributed yearly. Spending may include net realized gains over that three-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income-net of external and internal fees and previously designated spending amount) above 6% will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the investment committee and recommendations for any changes are forwarded to the full Board for review and approval.

Promises to Give

Unconditional promises to give are included in the financial statements as contributions to the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimate of future cash flows using a discount rate of 0.1595%. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give:	
Gross receivables due within:	
Less than one year	**$ 105,474**
One to five years	**26,638**
	$ 132,112
Less discount	**(174)**
Promises to give, net	**$ 131,938**

The promises to give at year end are from one hundred and thirty-one donors including employees of the college with total net pledges of $131,938 at June 30, 2024. Eleven donors accounted for 70% of net pledges, or $93,220.

Note 12: Discretely Presented Component Unit (continued)

Net Assets Released from Donor Restrictions

The following schedule shows qualifying expenses satisfying the donor restrictions as follows:

Scholarships and loans for students	$ 1,822,006
Instructional equipment and supplies	1,434
Campus Improvements	657,133
Student services	51,096
Total net assets released from donor restrictions	**$ 2,531,669**

Liquidity and Funds Availability

The following schedule reflects the Foundation's financial assets as of June 30, 2024 reduced by amounts not available for general use within one year because of donor imposed restrictions. The Foundation's financial assets available within one year of the date of the Statement of Financial Position are as follows:

Financial Assets:	
Cash and cash equivalents	$ 2,179,864
Pledges receivable-Net	131,938
Investments	10,790,888
Financial Assets at Year end	13,102,690
Less those unavailable for general expenditure within one year due to Donor restricted contribution (excluding time restrictions)	10,493,351
Financial assets available to meet cash needs for expenditures within one year.	$ 2,609,339

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore makes no provision for income taxes.

The Foundation accounts for income taxes in accordance with the "Income Taxes" topic of the ASC. Income tax provisions are evaluated at least annually by management. The Foundation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements.

As of June 30, 2024, the Foundation has not identified any uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

Note 12: Discretely Presented Component Unit (continued)

Related Organizations

A significant portion of the general and administrative expenses of the Foundation, including salaries, are paid by the College and are not included with the operations of the Foundation. The Foundation contributes funds to the College in the form of scholarships, instructional equipment, supplies and buildings. Foundation support to the College amounted to $2,531,669 in fiscal year ended June 30, 2024.

The Foundation has invested $372,173 on behalf of the College which is reflected as "Investments held for others." The Foundation also has a net payable due to the College in the amount of $652,289.

Schedule of College's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0..072642%	0.076210%	0.086768%	0.090812%	0.103240%	0.082025%	0.094037%	0.098555%	0.098344%	0.104398%
College's proportionate share of the net pension liability	$19,017,973	$22,512,467	$7,549,137	$13,477,280	$20,406,086	$22,464,985	$14,752,582	$22,380,165	$17,034,422	$12,591,530
College's covered payroll	$11,724,907	$12,555,093	$12,839,479	$13,211,700	$13,100,729	$13,469,554	$13,146,738	$11,855,175	$14,643,492	$14,588,300
College's proportionate share of the net pension liability as a percentage of its covered payroll	162.201%	179.31%	58.80%	102.01%	155.76%	166.78%	112.21%	188.78%	116.33%	86.31%
Plan fiduciary net position as a percentage of total pension liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

The amounts presented are as of the College's measurement date which is the prior fiscal year end.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System (OPERS) - Combined Plan
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension asset	0.106088%	0.108054%	0.106990%	0.106258%	0.159327%	0.138730%	0.159015%	0.155359%	0.173330%	0.174665%
College's proportionate share of the net pension asset	$326,095	$254,672	$421,546	$306,728	$332,235	$155,131	$216,471	$86,468	$84,346	$67,250
College's covered payroll	$515,379	$409,407	$418,679	$580,736	$719,821	$740,077	$577,877	$666,025	$650,825	$648,367
College's proportionate share of the net pension liability as a percentage of its covered payroll	63.27%	62.21%	100.68%	52.82%	46.16%	20.96%	37.46%	12.98%	12.96%	10.37%
Plan fiduciary net position as a percentage of total pension asset	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

The amounts presented are as of the College's measurement date which is the prior fiscal year end.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of the College's Proportionate Share of the Net Pension Liability
State Teachers Retirement System (STRS) of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1731229%	0.176790%	0.183091%	0.189552%	0.183091%	0.185596%	0.195841%	0.202981%	0.229279%	0.245151%
College's proportionate share of the net pension liability	$37,281,900	$39,300,542	$23,154,377	$45,864,851	$40,489,490	$40,808,464	$46,522,388	$67,943,842	$63,366,259	$59,629,259
College's covered payroll	$23,255,771	$22,827,843	$22,140,329	$22,691,371	$21,491,536	$22,207,464	$21,434,564	$21,494,043	$23,758,607	$26,846,492
College's proportionate share of the net pension liability as a percentage of its covered payroll	160.31%	172.16%	104.58%	202.12%	188.40%	183.76%	217.04%	316.11%	266.71%	222.11%
Plan fiduciary net position as a percentage of total pension liability	80.02%	78.88%	87.78%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

The amounts presented are as of the College's measurement date which is the prior fiscal year end.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College's Contributions - Pension
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution - Pension	$1,758,979	$1,641,487	$1,757,713	$1,797,527	$1,849,638	$1,834,102	$1,751,042	$1,709,076	$1,422,621	$1,757,219
Contributions in relation to contractually required contribution	(1,758,979)	(1,641,487)	(1,757,713)	(1,797,527)	(1,849,638)	(1,834,102)	(1,751,042)	(1,709,076)	(1,422,621)	(1,757,219)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$12,564,136	$11,724,907	$12,555,093	$12,839,479	$13,211,700	$13,100,729	$13,469,554	$13,146,738	$11,855,175	$14,643,492
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	12.00%	12.00%

(1) July 1, 2017 through December 30, 2017 pension was 13%,
from January 1, 2018 through June 30, 2018 pension was 14%.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College's Contributions - Pension
Ohio Public Employees Retirement System (OPERS) - Combined Plan
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018 (1)	2017	2016	2015
Contractually required contribution - Pension	$76,477	$72,153	$57,317	$58,615	$81,303	$100,775	$96,210	$75,124	$79,923	$78,099
Contributions in relation to contractually required contribution	(76,477)	(72,153)	(57,317)	(58,615)	(81,303)	(100,775)	(96,210)	(75,124)	(79,923)	(78,099)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$546,264	$515,379	$409,407	$418,679	$580,736	$719,821	$740,077	$577,877	$666,025	$650,825
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	12.00%	12.00%

(1) July 1, 2017 through December 30, 2017 pension was 13%,
from January 1, 2018 through June 30, 2018 pension was 14%.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College's Contributions - Pension
State Teachers Retirement System (STRS) of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$3,197,761	$3,255,808	$3,195,898	$3,099,646	$3,176,792	$3,008,815	$3,109,045	$3,000,839	$3,009,166	$3,326,205
Contributions in relation to contractually required contribution	(3,197,761)	(3,255,808)	(3,195,898)	(3,099,646)	(3,176,792)	(3,008,815)	(3,109,045)	(3,000,839)	(3,009,166)	(3,326,205)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$22,841,150	$23,255,771	$22,827,843	$22,140,329	$22,691,371	$21,491,536	$22,207,464	$21,434,564	$21,494,043	$23,758,607
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College's Proportionate Share of Net OPEB Liability
Ohio Public Employees Retirement System (OPERS)
Last Eight Years [(1)]

	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of net OPEB liability or asset	0.074599%	0.079206%	-0.089375%	-0.093174%	0.107140%	0.085150%	0.097602%	0.101606%
College's proportionate share of net OPEB liability (asset)	-$673,274	$499,409	-$2,799,362	-$1,659,969	$14,798,817	$11,101,550	$10,598,858	$10,262,551
College's covered payroll	$12,884,512	$13,646,840	$13,955,953	$14,518,351	$14,396,408	$14,269,368	$13,415,035	$11,417,509
College's proportionate share of net OPEB liability or asset as a percentage of its covered payroll	5.23%	3.66%	20.06%	11.43%	102.80%	77.80%	79.01%	89.88%
Plan fiduciary net position as a percentage of total OPEB liability or asset	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

[(1)] Information prior to 2017 is not available and the amounts presented are as of the College's measurement date which is the prior year end.

The amounts presented are as of the College's measurement date which is the prior fiscal year end.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of the College's Proportionate Share of Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Eight Years [1]

	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability or asset	0.173123%	0.176790%	0.181093%	0.189552%	0.183091%	0.185596%	0.195841%	0.202981%
College's proportionate share of net OPEB (asset)/liability	($3,367,001)	($4,577,670)	($3,818,199)	($3,331,373)	($3,032,428)	($2,982,344)	$7,640,983	$10,855,474
College's covered payroll	$23,255,771	$22,827,843	$22,140,329	$22,691,371	$21,491,536	$22,207,464	$21,434,564	$21,494,043
College's proportionate share of net OPEB liability or asset as a percentage of its covered payroll	14.48%	20.05%	17.25%	14.68%	14.11%	13.43%	35.65%	50.50%
Plan fiduciary net position as a percentage of total OPEB liability or asset	168.52%	230.73%	174.73%	182.13%	174.74%	176.00%	47.10%	37.30%

[1] Information prior to 2017 is not available and the amounts presented are as of the College's measurement date which is the prior year end.

The amounts presented are as of the College's measurement date which is the prior fiscal year end.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College's Contributions - OPEB
Ohio Public Employees Retirement System (OPERS)
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018 [1]	2017	2016	2015
Contractually required contribution - OPEB	$ -	$ -	$ -	$ -	$	$ -	$73,490	$46,120	$52,254	$30,941
Contributions in relation to contractually required contribution	-	-	-	-	-	-	(73,490)	(246,120)	(252,254)	(130,941)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$13,656,669	$12,884,512	$13,646,840	$13,955,953	$14,518,351	$14,396,408	$14,269,368	$13,415,035	$11,417,509	$13,946,178
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	2.00%	2.00%

[1] July 1, 2017 through December 30, 2017 pension was 1%,
from January 1, 2018 through June 30, 2018 pension was 0%.

The Notes to the Required Supplementary Information are an integral part of this Schedule.

Schedule of College Contributions - OPEB
State Teachers Retirement System (STRS) of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$22,841,150	$23,255,771	$22,827,843	$22,140,329	$22,691,371	$21,491,536	$22,207,464	$21,434,564	$21,494,043	$23,758,607
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Notes to the Required Supplementary Information are an integral part of this Schedule.

<u>Net Pension Liability</u>

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2024. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

<u>Net OPEB Liability</u>

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

<u>State Teachers Retirement System (STRS) of Ohio</u>

Changes in benefit terms: There was no change in benefit terms for fiscal year 2024. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Stark State College
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Science Foundation Program			
Direct Program:			
Education and Human Resources			
HVAC	47.076	2000904	$ 175,481
Robotics	47.076	2000904	48,082
Total Federal Assistance - National Science Foundation			**$ 223,563**
U.S. Department of Defense			
Passed Through Lorain County Community College			
Ohio Manufacturing Talent Expansion for the Defense Industrial Supply Chain - DOD MEEP	12.300	N00014-20-1-2703	$ 163,682
Ohio TechNet Defense Industrial Base (DIB) STEM Consortium	12.006	HQ000342220007	1,010
Total Federal Assistance - U.S. Department of Defense			**$ 164,692**
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Programs Cluster:			
Federal Work-Study Program	84.033	n/a	$ 69,375
Federal Supplemental Educational Opportunity Grants	84.007	n/a	447,351
Federal Pell Grant Program	84.063	n/a	12,249,539
Federal Direct Student Loans	84.268	n/a	12,443,082
Total Student Financial Assistance Programs Cluster			**25,209,347**
TRIO - Student Support Services	84.042	n/a	253,084
Upward Bound Math and Science Program	84.047	n/a	313,093
Title III	84.031	n/a	229,932
Passed Through the Ohio Department of Education:			
Vocational Education - Basic Grants to States (Perkins V)	84.048	063420-CDP-P-2024	416,889
Total Federal Assistance - U.S. Department of Education			**$ 26,422,345**
U.S. Department of Labor			
Passed Through ConxusNEO & Lorain County Community College			
DOL ETA Northeast Ohio Workforce Initiative in Nursing (NEO-WIN)	17.261	n/a	$ 2,300
DOL ETA Northeast Ohio Equity in Tech	17.261	n/a	45,068
Total Federal Assistance - U.S. Department of Labor			**$ 47,368**
U.S. Department of Veterans Affairs			
Direct Program:			
VA Reporting Fee	64.028	n/a	$ 3,600
Total Federal Assistance - U.S. Deptartment of Veterans Affairs			**$ 3,600**
Total Federal Assistance - All Sources			**$ 26,861,568**

See accompanying notes to the Schedule of Expenditures of Federal Awards

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Notes to the Schedule of Expenditures of Federal Awards – 2 CFR 200.510(b)(6)

For the year ended June 30, 2024

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Stark State College (the "College") under programs financed by U.S. Government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

For the purposes of the Schedule, federal awards include the following:

- Direct federal awards
- Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations

All programs are presented by federal agency. Pass-through programs are also presented by the entity through which the College received the federal award. Assistance Listing Numbers (ALN) and Pass-Through Numbers are presented for those programs for which such numbers are available.

Note 3: Indirect Cost Rate

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

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INDEPENDENT AUDITOR'S 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_

Stark State College
Stark County
6200 Frank Avenue NW
North Canton, Ohio 44720

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discreetly presented component unit of the Stark State College, Stark County, Ohio (the College) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
December 6, 2024

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

Stark State College
Stark County
6200 Frank Avenue NW
North Canton, Ohio 44720

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Stark State College, Stark County, Ohio's (the College) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2024. The College's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Charles E. Harris Associates

Charles E. Harris & Associates, Inc.
December 6, 2024

Stark State College
Stark County
Schedule of Findings
2 CFR § 200.515
June 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Programs Cluster – ALN #84.007, #84.033, #84.063, #84.268
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

STARK STATE COLLEGE

STARK 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 1/23/2025

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