EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Educational Service Center of Lake Erie West
Lucas County
2275 Collingwood Boulevard
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To the Governing Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Educational Service Center of Lake Erie West, Lucas County, Ohio (the Center), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center'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 governmental activities, each major fund, and the aggregate remaining fund information of the Educational Service Center of Lake Erie West, Lucas County, Ohio as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Center'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 Center'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 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 Center's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2023

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The discussion and analysis of the Educational Service Center of Lake Erie West's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to consider the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position of governmental activities increased $1,322,138 which represents a 10.84% increase from net position at June 30, 2022.

- General revenues accounted for $1,958,239 in revenue or 5.99% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $30,753,300 or 94.01% of total revenues of $32,711,539.

- The Center had $31,389,401 in expenses related to governmental activities; $30,753,300 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily unrestricted grants and entitlements) of $1,958,239 also supported the Center's programs.

- The Center's major governmental funds are the general fund, the auxiliary services fund and the IDEA Part B fund. The general fund had $22,328,495 in revenues and other financing sources and $21,686,738 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased $641,757 from a balance of $8,649,264 to $9,291,021.

- The auxiliary services fund had $5,345,621 in revenues and $5,270,938 in expenditures during fiscal year 2023.

- The IDEA Part B fund had $2,210,849 in revenues and other financing sources and $2,480,651 in expenditures during fiscal year 2023.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund, the auxiliary services special revenue fund and the Idea part B fund are the most significant funds, and the only governmental funds reported as major funds.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole contains all financial transactions and asks the question, "How did the Center perform financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's net position and changes in net position. The change in net position is important because it tells the reader that, for the Center as a whole, the financial condition of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, and food service operations.

Reporting the Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund, the auxiliary services fund and the Idea part B fund.

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the net pension liability and net OPEB liability/asset in this report after the notes to the basic financial statements.

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The Center as a Whole

Recall that the statement of net position provides the perspective of the Center as a whole. The table below provides a summary of the Center's net position for 2023 and 2022.

Net Position

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current and other assets	$ 13,118,284	$ 11,575,735
Net OPEB asset	2,569,903	2,000,615
Capital assets	3,390,414	3,535,624
Total assets	19,078,601	17,111,974
Deferred outflows of resources		
Pension	6,792,433	6,167,116
OPEB	456,960	572,814
Total deferred outflows:	7,249,393	6,739,930
Liabilities		
Current liabilities	2,660,055	2,274,525
Long-term liabilities:		
Due within one year	388,486	302,192
Due in more than one year:		
Net pension liability	25,553,454	14,746,482
Net OPEB liability	922,824	1,355,486
Other amounts	1,020,173	1,017,129
Total liabilities	30,544,992	19,695,814
Deferred inflows of resources		
Pension	2,830,227	12,693,808
OPEB	3,829,378	3,661,023
Total deferred inflows:	6,659,605	16,354,831
Net position		
Investment in capital assets	3,292,451	3,464,258
Restricted	814,133	32,304
Unrestricted (deficit)	(14,983,187)	(15,695,303)
Total net position (deficit)	$ (10,876,603)	$ (12,198,741)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Center's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the Center's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $10,876,603. Of this total, a deficit of $14,983,187 is unrestricted in use, which is a result of reporting the net pension liability and net OPEB liability.

At year-end, capital assets represented 17.77% of total assets. Capital assets include land, buildings and improvements, improvements other than buildings, and furniture, fixtures and equipment, vehicles, and intangible right to use - leased equipment and subscription-based information technology arrangements (SBITAs). The Center's investment in capital assets at June 30, 2023, was $3,292,451. These capital assets are used to provide services to the students and are not available for future spending. Total assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS). See Note 12 for more detail.

The net pension liability increased $10,806,972 or 73.30% and deferred inflows of resources related to pension decreased $9,863,581. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

A portion of the Center's net position, $814,133 represents resources that are subject to external restriction on how they may be used.

Governmental Activities

The net position of the Center's governmental activities increased $1,322,138. Total governmental expenses of $31,389,401 were offset by program revenues of $30,753,300 and general revenues of $1,958,239. Program revenues supported almost all of governmental expenses for fiscal year 2023.

The primary sources of revenue for governmental activities are derived from charges for services. This revenue source represents 79.67% of total governmental revenue and increased 27.13% from the fiscal year 2022. During fiscal years 2023 and 2022, the Ohio Department of Education (ODE) contracted with the Center to provide services and assistance to nonpublic schools that received Emergency Assistance to Nonpublic Schools (EANS) funding. The Center provides services and assistance to these nonpublic schools on behalf of ODE and in accordance with the CRSSA Act.

Overall, expenses of the governmental activities increased $7,928,248. This increase is primarily the result of increased expenses for EANS reimbursements and an $3,427,832 increase in pension expense. Pension expense increased approximately $3,414,008. This increase was the result of an increase in expenses incurred at the pension system level for STRS and the SERS due to a decrease in net investment income on investments compared to previous years. The largest expense of the Center is for support services. Support services expenses totaled $15,094,166 or 48.09% of total governmental expenses for fiscal 2023.

The table below shows the changes in net position for fiscal years 2023 and 2022.

Changes in Net Position

Revenues	Governmental Activities 2023	Governmental Activities 2022
Program Revenues:		
Charges for services and sales	$ 26,062,377	$ 20,500,685
Operating grants and contributions	4,629,302	4,117,074
Capital grants and contributions	61,621	-
General revenues:		
Grants and entitlements	1,513,405	1,442,317
Investment earnings	245,394	12,257
Other	199,440	190,246
Total revenues	32,711,539	26,262,579

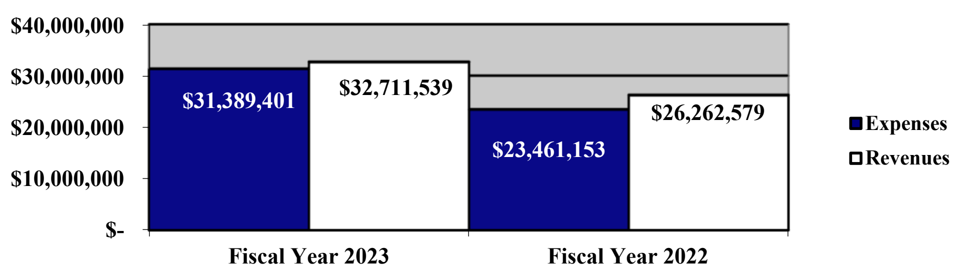
(Continued)

Change in Net Position - (Continued)

	Governmental Activities 2023	Governmental Activities 2022
Expenses		
Program expenses:		
Instruction:		
Regular	$ 296,265	$ 207,965
Special	4,190,213	4,017,382
Adult/continuing	3	36
Support services:		
Pupil	4,013,048	3,529,672
Instructional staff	5,803,269	4,269,769
Board of education	25,878	23,725
Administration	2,623,777	2,297,871
Fiscal	1,151,387	972,371
Business	22,145	109,022
Operations and maintenance	926,711	872,591
Central	527,951	473,819
Operation of non-instructional services:		
Food service operations	21,917	19,931
Other non-instructional services	11,783,830	6,664,998
Interest and fiscal charges	3,007	2,001
Total expenses	31,389,401	23,461,153
Change in net position	1,322,138	2,801,426
Net position (deficit) at beginning of year	(12,198,741)	(15,000,167)
Net position (deficit) at end of year	$ (10,876,603)	$ (12,198,741)

The graph below presents the Center's governmental activities revenue and expenses for fiscal years 2023 and 2022.

Governmental Activities - Revenues and Expenses



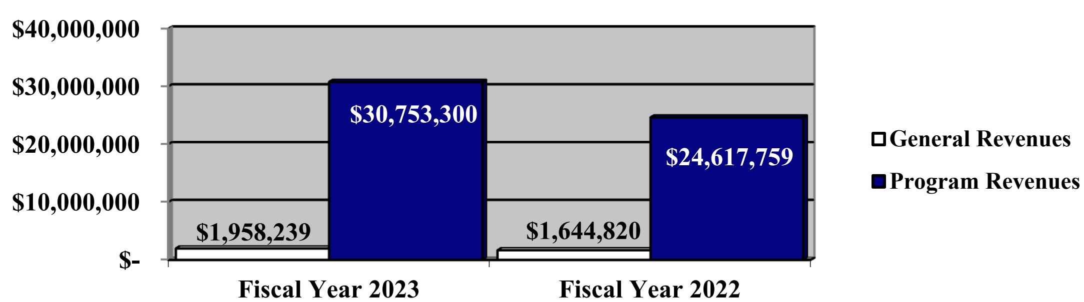
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements, investment earnings and miscellaneous revenue.

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses				
Instruction:				
Regular	$ 296,265	$ (36,151)	$ 207,965	$ (58,730)
Special	4,190,213	65,068	4,017,382	(34,127)
Adult/continuing	3	-	36	30
Support services:				
Pupil	4,013,048	(44,053)	3,529,672	(160,649)
Instructional staff	5,803,269	78,863	4,269,769	(251,741)
Board of education	25,878	1,228	23,725	2,051
Administration	2,623,777	113,802	2,297,871	89,672
Fiscal	1,151,387	32,044	972,371	38,608
Business	22,145	(39,380)	109,022	6,031
Operations and maintenance	926,711	60,970	872,591	83,918
Central	527,951	27,489	473,819	22,653
Operation of non-instructional services:				
Food service operations	21,917	2,586	19,931	(14,415)
Other non-instructional services	11,783,830	370,628	6,664,998	(881,908)
Interest and fiscal charges	3,007	3,007	2,001	2,001
Total expenses	$ 31,389,401	$ 636,101	$ 23,461,153	$ (1,156,606)

Governmental activities were primarily supported by program revenues for fiscal years 2023 and 2022. The primary support of the Center is tuition and contracted fees for services provided to school districts. These revenues increased overall during 2023 as a result of billing parochial schools fewer services provided to students.

The graph below presents the Center's governmental activities revenue for fiscal years 2023 and 2022.

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance of $9,553,648, which is higher than last year's total of $9,178,787. The schedule below indicates the fund balances and the changes in fund balances as of June 30, 2023 and 2022.

Funds	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Increase (Decrease)	Percentage Change
General	$ 9,291,021	$ 8,649,264	$ 641,757	7.42 %
Auxiliary services	282,649	207,966	74,683	35.91 %
IDEA Part B	(265,622)	4,180	(269,802)	(6,454.59) %
Nonmajor governmental	245,600	317,377	(71,777)	(22.62) %
Total	$ 9,553,648	$ 9,178,787	$ 374,861	4.08 %

General Fund

The tables that follow show the revenues and expenditures of the general fund for fiscal years 2023 and 2022.

Revenues	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
Tuition	$ 6,421,760	$ 5,600,693	$ 821,067	14.66 %
Earnings on investments	245,394	12,257	233,137	1,902.07 %
Customer services	13,782,601	9,727,660	4,054,941	41.68 %
Intergovernmental	1,568,157	1,507,292	60,865	4.04 %
Other revenues	199,644	189,923	9,721	5.12 %
Total	$ 22,217,556	$ 17,037,825	$ 5,179,731	30.40 %

Overall, revenues of the general fund increased 30.40% during fiscal year 2023. Tuition revenue increased from fiscal year 2022 as a result of contract revenue paid by local schools. Billings to member districts for services increased in fiscal year 2023 from the EANS program, which started in fiscal year 2023, and from additional services provided to member districts. Earnings on the Center's investments increased during fiscal year 2023 as a result of higher interest rates. Meanwhile, intergovernmental revenues increased based on the amount of per-pupil foundation revenue received from the state of Ohio for fiscal year 2023 and federal funding for the AJROTC program. Other revenues in fiscal year 2022 included a dividend from the Bureau of Workers Compensation.

Expenditures	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
Instruction	$ 3,954,289	$ 4,212,643	$ (258,354)	(6.13) %
Support services	10,759,390	10,212,321	547,069	5.36 %
Non-instructional services	6,786,551	2,748,791	4,037,760	146.89 %
Facilities acquisition and construction	108,227	3,377	104,850	3,104.83 %
Debt service	69,983	17,110	52,873	309.02 %
Total	$ 21,678,440	$ 17,194,242	$ 4,484,198	26.08 %

Instruction expenditures decreased 6.13% and support services increased 5.36% from fiscal year 2022 from various services provided to member districts during fiscal year 2023. Increased expenditures related to the EANS program contributed to an increase in spending for non-instructional services. The Center had more facilities acquisition and construction expenditures paid from the general fund during fiscal year 2023 in relation to the building lease transaction. The Center reported debt service expenditures for leases payable in accordance with GASB Statement No. 87.

Auxiliary Services Fund

The auxiliary services fund had $5,345,621 in revenues and $5,270,938 in expenditures. The auxiliary fund reports revenues and expenditures for services and supplies provided to students attending parochial schools. During fiscal year 2023, the auxiliary services fund's fund balance increased $74,683 to a balance of $282,649.

IDEA Part B Fund

The Idea Part B fund had $2,210,849 in revenues and other financing sources and $2,480,651 in expenditures. This fund accounts for various federal grants that provide public education to all children with disabilities. During fiscal year 2023, the IDEA Part B fund's fund balance decreased $269,802 to a deficit balance of $265,622.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2023 the Center had $3,390,414 invested in land, buildings and improvements, improvements other than buildings, furniture, fixtures and equipment, vehicles, and intangible right to use - leased assets and subscription-based information technology software. This entire amount is reported in governmental activities. The table that follows shows the balances of the Center's capital assets at June 30, 2023 compared to June 30, 2022.

Capital Assets at June 30
(Net of Depreciation/Amortization)

	Governmental Activities	
	2023	2022
Land	$ 314,321	$ 314,321
Building and improvements	2,477,956	2,735,491
Improvements other than buildings	267,237	289,213
Furniture, fixtures, and equipment	231,154	120,369
Vehicles	2,738	5,477
Intangible right to use:		
Leased assets	86,409	70,753
Subscription-based information technology software	10,599	-
Total	$ 3,390,414	$ 3,535,624

The overall decrease in capital assets during fiscal year 2023 was from depreciation/amortization expense of $407,731 exceeding capital outlays of $262,521.

See Note 7 to the basic financial statements for additional information on the Center's capital assets.

Debt Administration

At June 30, 2023, the Center had leases payable outstanding of $87,474 and subscription-based information technology arrangements liability of $10,489. There was $97,963 due within one year. See Note 8 to the basic financial statements for additional information on the Center's debt obligations.

Current Financial Related Activities

The Center is financially solvent. As the preceding information demonstrates, the Center relies heavily on contracts with local, city, and exempted village school districts, as well as state foundation revenue and grants. With new contracts with our local, city, and exempted school districts, and providing the fiscal and administrative role to several entities, the Center will be able to provide the necessary funds to meet operating expenses in the future.

For fiscal year 2020, the State funded schools based on the biennial budget as contained in House Bill 166 approved in July 2019. The economic downturn resulting from the COVID-19 pandemic has resulted in funding reductions from the House Bill 166 state budget for fiscal year 2022. The ultimate impact of the COVID-19 pandemic on state and local revenues is yet to be fully determined.

Contacting the Center's Financial Management

This financial report is designed to provide our member districts and other interested parties with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Richard Cox, Treasurer of the Educational Service Center of Lake Erie West, at 2275 Collingwood Avenue, Toledo, Ohio 43620-1148 or via e-mail at RCox@esclakeeriewest.org.

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 11,695,451
Receivables:	
Accounts	79,064
Intergovernmental	1,319,309
Prepayments	24,460
Net OPEB asset	2,569,903
Capital assets:	
Nondepreciable/amortized capital assets	314,321
Depreciable/amortized capital assets, net	3,076,093
Capital assets, net	3,390,414
Total assets	19,078,601
Deferred outflows of resources:	
Pension	6,792,433
OPEB	456,960
Total deferred outflows of resources	7,249,393
Liabilities:	
Accounts payable	29,038
Accrued wages and benefits payable	1,409,087
Intergovernmental payable	241,798
Accrued interest payable	152
Unearned revenue	979,980
Long-term liabilities:	
Due within one year	388,486
Due in more than one year:	
Net pension liability	25,553,454
Net OPEB liability	922,824
Other amounts due in more than one year	1,020,173
Total liabilities	30,544,992
Deferred inflows of resources:	
Pension	2,830,227
OPEB	3,829,378
Total deferred inflows of resources	6,659,605
Net position:	
Net investment in capital assets	3,292,451
Restricted for:	
State funded programs	26,390
Federally funded programs	2,580
Food service operations	11,829
OPEB	566,234
Other purposes	207,100
Unrestricted (deficit)	(14,983,187)
Total net position	$ (10,876,603)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction:					
Regular	$ 296,265	$ 220,699	$ 111,717	$ -	$ 36,151
Special	4,190,213	3,903,621	221,524	-	(65,068)
Adult/continuing	3	3	-	-	-
Support services:					
Pupil	4,013,048	3,644,073	413,028	-	44,053
Instructional staff	5,803,269	2,711,772	3,012,634	-	(78,863)
Board of education	25,878	24,650	-	-	(1,228)
Administration	2,623,777	2,170,010	339,965	-	(113,802)
Fiscal	1,151,387	797,434	321,909	-	(32,044)
Business	22,145	61,520	5	-	39,380
Operations and maintenance	926,711	642,945	161,175	61,621	(60,970)
Central	527,951	495,028	5,434	-	(27,489)
Operation of non-instructional services:					
Food service operations	21,917	352	18,979	-	(2,586)
Other non-instructional services	11,783,830	11,390,270	22,932	-	(370,628)
Interest and fiscal charges	3,007	-	-	-	(3,007)
Totals	$ 31,389,401	$ 26,062,377	$ 4,629,302	$ 61,621	(636,101)
General revenues:					
Grants and entitlements not restricted tc specific programs					1,513,405
Investment earnings					245,394
Miscellaneous					199,440
Total general revenues					1,958,239
Change in net position					1,322,138
Net position (deficit) at beginning of year					(12,198,741)
Net position (deficit) at end of year					$ (10,876,603)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Auxiliary Services	IDEA Part B	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	$ 10,819,721	$ 494,146	$ -	$ 381,584	$ 11,695,451
Receivables:					
Accounts	64,162	11,619	-	3,283	79,064
Interfund loans	386,269	-	-	-	386,269
Intergovernmental	131,939	265,469	534,470	387,431	1,319,309
Prepayments	15,692	5,469	2,162	1,137	24,460
Due from other funds	322,515	-	-	-	322,515
Total assets	$ 11,740,298	$ 776,703	$ 536,632	$ 773,435	$ 13,827,068
Liabilities:					
Accounts payable	$ 16,310	$ -	$ 3,393	$ 9,335	$ 29,038
Accrued wages and benefits payable	875,201	435,877	24,810	73,199	1,409,087
Compensated absences payable	76,621	-	-	-	76,621
Intergovernmental payable	171,856	58,177	240	11,525	241,798
Interfund loans payable	-	-	276,382	109,887	386,269
Due to other funds	-	-	228,093	94,422	322,515
Unearned revenue	979,980	-	-	-	979,980
Total liabilities	2,119,968	494,054	532,918	298,368	3,445,308
Deferred inflows of resources:					
Customer services revenue not available	329,190	-	-	3,260	332,450
Miscellaneous revenue not available	119	-	-	-	119
Intergovernmental revenue not available	-	-	269,336	226,207	495,543
Total deferred inflows of resources	329,309	-	269,336	229,467	828,112
Fund balances:					
Nonspendable:					
Prepaids	15,692	5,469	2,162	1,137	24,460
Restricted:					
Food service operations	-	-	-	11,829	11,829
State funded programs	-	-	-	26,309	26,309
Federally funded programs	-	-	-	90	90
Other purposes	-	-	-	203,840	203,840
Committed:					
Auxiliary services	-	277,180	-	-	277,180
Community school operations	2,179,847	-	-	-	2,179,847
Other purposes	582,764	-	-	223,817	806,581
Assigned:					
Student instruction	414	-	-	-	414
Student and staff support	199,195	-	-	-	199,195
Non-instructional services	1,006,032	-	-	-	1,006,032
Unassigned (deficit)	5,307,077	-	(267,784)	(221,422)	4,817,871
Total fund balances	9,291,021	282,649	(265,622)	245,600	9,553,648
Total liabilities, deferred inflows and fund balances	$ 11,740,298	$ 776,703	$ 536,632	$ 773,435	$ 13,827,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		$ 9,553,648
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,390,414
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Accounts receivable	$ 6,718	
Intergovernmental receivable	821,394	
Total		828,112
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(152)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	6,792,433	
Deferred inflows - pension	(2,830,227)	
Net pension liability	(25,553,454)	
Deferred outflows - OPEB	456,960	
Deferred inflows - OPEB	(3,829,378)	
Net OPEB asset	2,569,903	
Net OPEB liability	(922,824)	
Total		(23,316,587)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(1,234,075)	
Leases payable	(87,474)	
Subscription-based information technology arrangement liability	(10,489)	
Total		(1,332,038)
Net position of governmental activities		$ (10,876,603)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Auxiliary Services	IDEA Part B	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	$ 1,568,157	$ -	$ 2,210,423	$ 1,785,243	$ 5,563,823
Investment earnings	245,394	7,001	-	-	252,395
Tuition and fees	6,421,760	-	-	7,085	6,428,845
Rental income	86,013	-	-	-	86,013
Customer services	13,782,601	5,338,620	-	221,491	19,342,712
Contributions and donations	-	-	-	135,339	135,339
Miscellaneous	113,631	-	-	23,555	137,186
Total revenues	22,217,556	5,345,621	2,210,423	2,172,713	31,946,313
Expenditures:					
Current:					
Instruction:					
Regular	199,938	-	-	74,060	273,998
Special	3,754,348	341,353	-	210,262	4,305,963
Adult/continuing	3	-	-	-	3
Support services:					
Pupil	3,655,947	14,930	25,101	378,056	4,074,034
Instructional staff	2,698,804	-	1,828,290	1,250,163	5,777,257
Board of education	26,054	-	-	-	26,054
Administration	2,270,595	-	290,222	59,064	2,619,881
Fiscal	840,349	-	228,093	92,287	1,160,729
Business	65,015	-	-	9	65,024
Operations and maintenance	679,461	-	86,428	130,289	896,178
Central	523,165	-	-	5,461	528,626
Operation of non-instructional services:					
Food service operations	-	-	-	21,917	21,917
Other non-instructional services	6,786,551	4,914,655	-	14,774	11,715,980
Facilities acquisition and construction	108,227	-	-	21,199	129,426
Debt service:					
Principal retirement	67,888	-	21,917	13,024	102,829
Interest and fiscal charges	2,095	-	600	284	2,979
Total expenditures	21,678,440	5,270,938	2,480,651	2,270,849	31,700,878
Excess (deficiency) of revenues over (under) expenditures	539,116	74,683	(270,228)	(98,136)	245,435
Other financing sources (uses):					
Transfers in	2,712	-	426	7,872	11,010
Transfers (out)	(8,298)	-	-	(2,712)	(11,010)
Inception of lease transaction	108,227	-	-	-	108,227
Inception of subscription-based information technology arrangements	-	-	-	21,199	21,199
Total other financing sources (uses)	102,641	-	426	26,359	129,426
Net change in fund balances	641,757	74,683	(269,802)	(71,777)	374,861
Fund balances at beginning of year	8,649,264	207,966	4,180	317,377	9,178,787
Fund balances at end of year	$ 9,291,021	$ 282,649	$ (265,622)	$ 245,600	$ 9,553,648

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		$ 374,861
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	$ 262,521	
Current year depreciation/amortization	(407,731)	
Total		(145,210)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tuition	(5,328)	
Customer services	296,149	
Miscellaneous	(204)	
Intergovernmental	474,609	
Total		765,226
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position		102,829
The inception of lease transactions and subscription-based information technology arrangements are reported as other financing sources in the funds; however, in the statement of activities they are not reported as other financing sources as they increase liabilities on the statement of net position.		(129,426)
In the statement of activities, interest is accrued on leases payable, whereas in governmental funds, an interest expenditure is reported when due		(28)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,319,768	
OPEB	38,139	
Total		2,357,907
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,637,842)	
OPEB	679,602	
Total		(1,958,240)
Some expenses reported in the statement of activities (compensated absences) do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(45,781)
Change in net position of governmental activities		$ 1,322,138

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE EDUCATIONAL SERVICE CENTER

The Educational Service Center of Lake Erie West (the Center) is located in Toledo, Ohio, the county seat of Lucas County. The Center supplies supervisory, special education, administrative, and other services to the Anthony Wayne, Ottawa Hills, Springfield, and Washington Local School Districts; Perrysburg and Rossford Exempted Village School Districts; and Maumee, Oregon, and Sylvania City School Districts. The Center furnishes leadership and consulting services designed to strengthen these school districts in areas they are unable to finance or staff independently.

The Center operates under a locally elected Board of Education consisting of five members elected at-large for staggered four-year terms. The Center, as of June 30, 2023, is staffed by 11 administrators, 185 full-time and part-time certified employees, and 52 full-time and part-time classified employees who provide services to the local, exempted village and city school districts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's Governing Board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the Center:

JOINTLY GOVERNED ORGANIZATIONS

Penta Career Center (PCC)
The PCC is a jointly governed organization established by the Ohio Revised Code (ORC) to provide vocational education and special needs to students. The PCC accepts non-tuition students from the Center as a member school. The PCC is operated under the direction of a Board consisting of eleven members, each appointed for a term of two years, to serve the sixteen participating school districts. Six members are appointed during even numbered years, one each from the ESC of Lake Erie West, Ottawa, and Wood County Centers, one from the Bowling Green and Maumee City School Districts, and one from the Rossford Exempted Village School District. Five members are appointed during odd numbered years, one each from the Fulton, Lucas, Sandusky, and Wood County Centers and one from the Perrysburg Exempted Village School District. The Board possesses its own budgeting and taxing authority. The Center does not retain an ongoing financial interest or responsibility in the PCC. Financial information can be obtained from the PCC, Michael Harrigan, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio, 43551-4594.

Northwest Ohio Computer Association (NWOCA)
NWOCA is an association of forty educational entities, primarily school districts, located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among members. NWOCA is governed by its participating members, which consists of a representative from each member entity. Financial information can be obtained from Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

Ohio Schools' Council Association (Council)
The Council is a regional council of governments consisting of 249 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards located in 34 northern Ohio counties and serving over 500,000 students. The Council was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any district is limited to its representation on the Board. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio, 44131.

The Center participates in the Council's natural gas purchase program through a partnership with Constellation New Energy at a low, three-year, fixed price rate effective July 1, 2019. This program allows school districts to purchase natural gas at a guaranteed three-year fixed rate that will never flex with usage. There are currently 165 districts in the natural gas program.

The Council has partnered with the Ohio Association of School Business Officials, the Ohio School Boards Association and the Buckeye Association of School Administrators to form the Power4Schools program to bring savings on electric generation costs and budget certainty to Ohio public schools by pooling purchasing power statewide. Power4Schools transitioned from FirstEnergy Solutions to ENGIE Resources effective January 2020 as its exclusive provider for school districts in the Toledo Edison, Ohio Edison and The Illuminating Company service areas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PUBLIC ENTITY RISK POOLS

Southwestern Ohio Educational Purchasing Council (SOEPC)
The Center participates in the SOEPC, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SOEPC is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SOEPC's business and affairs are conducted by a board consisting of seven school administrators, who are elected by the membership each year.

In addition, the cooperative hires attorneys, auditor's and actuaries to assist in running the day to day program. Gallagher is responsible for the insurance program administration. JWF Specialty Company is responsible for processing claims between SOEPC and its members. Financial information can be obtained from Mr. Ken Swink, Southwestern Ohio Educational Purchasing Council Director.

B. Fund Accounting

The Center uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Center maintains one category of funds: governmental.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the Center's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Auxiliary services fund - This fund accounts for funds that provide service and materials to pupils attending parochial schools.

IDEA Part B fund - This fund accounts for grants to assist states in providing an appropriate public education to all children with disabilities.

Other governmental funds of the Center are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The statement of net position presents the financial condition of the governmental activities of the Center at fiscal year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Center are included on the statement of net position.

Fund Financial Statements - During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year in which resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under the modified accrual basis, interest, tuition, customer services, grants, student fees, and rental income are considered to be both measurable and available at fiscal year-end.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes, but is not limited to delinquent tuition, customer services, rental income, miscellaneous revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Center, See Notes 10 and 11 for deferred inflows of resources related to the Center's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized in the period during which they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

In fiscal year 2004, the Center's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the Center is discretionary, the Center's Board does approve appropriations and estimated resources for all funds for control purposes. The Center's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by the Board. The level of control has been established by the Board at the object level for the general fund and the fund level for all other funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The Center has elected to not present budgetary schedules as supplementary information for the general fund and major special revenue fund.

F. Cash and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

As of June 30, 2023, the Center invested funds in STAR Ohio (the State Treasury Asset Reserve of Ohio) and nonnegotiable certificates of deposit. Non-participating investment contracts, such as nonnegotiable certificates of deposit are reported at cost.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Center 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 Center measures their 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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24-hour notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. 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.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless required to be credited to a specific fund by statute or by policy of the Board. Interest revenue credited to the general fund during fiscal year 2023 amounted to $245,394, which includes $1,565 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Center's deposits and investments at year end is provided in Note 4.

G. Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded their acquisition value of the date received. The Center maintains a capitalization threshold of $2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized. The Center does not possess infrastructure.

All reported capital assets are depreciated/amortized except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	40 years
Improvements uther than buildings	5 - 20 years
Furniture, fixtures, and equipment	5 - 20 years
Vehicles	8 years
Intangible right to use:	
Leased buildings	2 years
Leased equipment	5 years
Subscription-based information technology software	2 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Center is reporting intangible right to use assets related to leased equipment and subscription-based information technology software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the term or the useful life of the underlying asset.

H. Interfund Balances

On fund financial statements, receivables and payables resulting from cash deficits are classified as "interfund loans receivable/payable". Receivables and payables resulting from the routine lag between the dates interfund services are provided or reimbursable expenditures occur are classified as "due to/from other funds".

These interfund balances between governmental funds are eliminated in the governmental type activities columns of the statement of net position.

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable in the fund financial statements by an amount equal to the carrying value of the assets.

J. Unearned Revenue

If the Center receivs restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent. The Center had $979,980 in unearned revenue at fiscal year-end.

K. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributed to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) benefits. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absences liability is reported on the government-wide financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. Compensated absences will be paid from the fund from which the employee's salaries are paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources; however, claims and judgments, leases, subscription-based information technology arrangements (SBITAs), net pension liability and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Governing Board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Governing Board, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Center applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Budget Stabilization Arrangement

The Center has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can be made to offset future budget deficits or expenditures as approved by the Board of Education. At June 30, 2023, the balance in the budget stabilization reserve was $4,933,703. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation/amortization, 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 its use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Center and that are either unusual in nature or infrequent in occurrence. The Center did not have any transactions that were considered a special or extraordinary item during year 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

T. Fair Value

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the Center has implemented GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Center.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Center.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. These changes were incorporated in the Center's fiscal year 2023 financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Center.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Center.

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits of the nonmajor funds:

Nonmajor funds	Deficit
Miscellaenous state grants	$ 75,844
Elementary and secondary school emergency relief (ESSER)	118,431
Title I, disadvantaged children	13,363
IDEA preschool grant for the handicapped	12,865

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Center into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Center treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.
Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all the Center deposits, including $2,311,464 in non-negotiable certificates of deposits, was $8,841,138. Of the $8,746,292 bank balance, $8,170,442 was covered by the FDIC, $287,925 was covered by the Ohio Pooled Collateral System (OPCS), and $287,925 was uninsured.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of the State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the Center's financial institution was approved for a reduced collateral rate percent of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

B. Investments

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

Measurement/Investment Type:	Measurement Value	Investment Maturities 6 Months or Less
Amortized Cost:		
STAR Ohio	$ 2,854,313	$ 2,854,313

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2023:

Measurement/Investment Type:	Measurement Value	% of Total
Amortized Cost:		
STAR Ohio	$ 2,854,313	100.00%

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the fiscal year ended June 30, 2023, consisted of the following, as reported on the fund financial statements:

Transfers to general fund from:	Amount
Nonmajor special revenue funds:	
District agency	$ 2,712
Transfers from general fund to:	
IDEA Part B	426
Nonmajor special revenue funds:	
Other grants	7,872
Total transfers from general fund	8,298
Total transfers	$ 11,010

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfers from the nonmajor special revenue funds to the general fund during fiscal year 2023 were made to close out the NWOi3 program.

B. Interfund balances at June 30, 2023, as reported on the fund financial statements, consist of the following interfund loans receivable/payable:

Receivable fund	Payable funds	Amount
General fund	IDEA Part B	$ 276,382
	Nonmajor special revenue funds:	
	Miscellaenous state grants	59,038
	ESSER	28,700
	Governor's emergency education relief (GEER)	2,516
	IDEA preschool grant for handicapped	13,177
	Improving teacher quality	6,456
Total interfund loans receivable/payable		$ 386,269

The primary purpose of the interfund loans receivable/payable is to cover the negative cash balances at fiscal year-end in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

Interfund loans receivable/payable between governmental funds are eliminated for reporting on the statement of net position.

NOTE 5 - INTERFUND TRANSACTIONS

C. Amounts due to/from other funds consisted of the following at June 30, 2023, as reported on the fund financial statements:

Due from other funds	Due to other funds	Amount
General fund	IDEA Part B	$ 228,093
	Nonmajor special revenue funds:	
	Miscellaenous state grants	23,061
	ESSER	61,512
	IDEA preschool grant for handicapped	9,849
Total due to/from other funds		$ 322,515

The primary purpose of the due to/from other funds is to provide reimbursement for fiscal charges for fiscal year 2023.

Amounts due to/from other funds between governmental funds are eliminated for reporting on the statement of net position.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2023 consisted of accounts (billings for user charged services and student fees) and intergovernmental (grants and entitlements and amounts due from other governments for contract services). All receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net position follows:

Governmental activities:	
Accounts	$ 79,064
Intergovernmental	
Contract services	499,081
State foundation adjustments	2,879
Food service program	1,825
IDEA part B	534,470
Miscellaneous state grants	89,475
ESSER	143,075
GEER	2,516
Title I disadvantaged children	26,761
IDEA preschool grant for handicapped	19,227
Total intergovernmental	$ 1,319,309

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2023, was as follows:

	Balance 07/01/2022	Additions	Deductions	Balance 6/30/23
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 314,321	$ -	$ -	$ 314,321
Capital assets, being depreciated/amortized:				
Buildings and improvements	6,128,713	-	-	6,128,713
Improvements other than buildings	624,880	-	-	624,880
Furniture, fixtures, and equipment	491,379	128,290	-	619,669
Vehicles	21,906	-	-	21,906
Intangible right to use:				
Leased building	-	113,032	-	113,032
Leased equipment	111,613	-	-	111,613
Subscription-based information technology software	-	21,199	-	21,199
Total capital assets, being depreciated/amortized	7,378,491	262,521	-	7,641,012
Less: accumulated depreciation/amortization				
Buildings and improvements	(3,393,222)	(257,535)	-	(3,650,757)
Improvements other than buildings	(335,667)	(21,976)	-	(357,643)
Furniture, fixtures, and equipment	(371,010)	(17,505)	-	(388,515)
Vehicles	(16,429)	(2,739)	-	(19,168)
Intangible right to use:				
Leased building	-	(56,516)	-	(56,516)
Leased equipment	(40,860)	(40,860)	-	(81,720)
Subscription-based information technology software	-	(10,600)	-	(10,600)
Total accumulated depreciation/amortization	(4,157,188)	(407,731)	-	(4,564,919)
Governmental activities capital assets, net	$ 3,535,624	$ (145,210)	$ -	$ 3,390,414

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense during fiscal year 2023 was charged to governmental functions as follows:

Instruction:	
Regular	$ 2,664
Special	46,395
Support services:	
Pupil	49,032
Instructional staff	87,767
Administration	25,544
Fiscal	9,861
Business	7,606
Operations and maintenance	104,185
Central	6,099
Operation of non-instructional services	68,578
Total depreciation expense	$ 407,731

NOTE 8 - LONG-TERM OBLIGATIONS

The Center's long-term obligations activity during fiscal year 2023 consisted of the following.

	Balance 07/01/2022	Additions	Reductions	Balance 06/30/23	Amounts Due in One Year
Governmental activities:					
Leases payable	$ 71,366	$ 108,227	$ (92,119)	$ 87,474	$ 87,474
Subscription-based information technology arrangements liability	-	21,199	(10,710)	10,489	10,489
Compensated absences payable	1,247,955	449,335	(386,594)	1,310,696	290,523
Net pension liability:					
STRS	12,132,156	9,931,165	-	22,063,321	-
SERS	2,614,326	875,807	-	3,490,133	-
Total net pension liability	14,746,482	10,806,972	-	25,553,454	-
Net OPEB liability:					
SERS	1,355,486	-	(432,662)	922,824	-
Total long-term obligations	$ 17,421,289	$ 11,385,733	$ (922,085)	$ 27,884,937	$ 388,486

Lease Payable
The Center has entered into lease agreements for the right to use copiers. In accordance with GASB Statement No. 87, the Center has reported an intangible capital asset and corresponding liability for the future scheduled payments under the lease agreements. Lease payments are reflected as debt service expenditures on the fund financial statements.

The Center entered into a lease with Great America Financial Services for a term of 60 months on December 17, 2018, and payments commenced February 1, 2019. Payments are due monthly and the lease matures on January 19, 2024. The lease is being paid out of the general fund.

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The Center entered into a lease with US Bank for a term of 60 months on January 3, 2019, and payments commenced May 1, 2019. Payments are due monthly and the lease matures on April 3, 2024. The lease is being paid out of the IDEA Part B fund and miscellaneous state grants nonmajor special revenue fund.

The Center entered into a lease with Washington Local School District for use of the Westwood Building, which houses approved programs of the Center for early childhood classes. The lease term is two years beginning July 1, 2022 and ending June 30, 2024. The lease is being paid out of the general fund.

The following is a schedule of future lease payments under the lease agreements:

Fiscal	Leases Payable		
Year	Principal	Interest	Total
2024	$ 87,474	$ 914	$ 88,388

Subscription-Based Information Technology Arrangements (SBITA) Liability
The Center entered into a SBITA arrangement during fiscal year 2023. The future SBITA payments were discounted based on the interest rate implicit in the agreement. The discount is being amortized using the interest method over the life of the subscription.

The Center made the SBITA payments from the GEER nonmajor special revenue fund during fiscal year 2023. Principal and interest requirements to retire the Center's outstanding SBITA liability at June 30, 2023, are as follows:

Fiscal	SBITA Liability		
Year	Principal	Interest	Total
2024	$ 10,489	$ 221	$ 10,710

Compensated Absences - Compensated absences will be paid from the fund from which the employee is paid, which for the Center, is primarily the general fund.

Net Pension Liability - The Center's net pension liability is described in Note 10. The Center pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability - The Center's net OPEB liability is described in Note 11. The Center pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 9 - RISK MANAGEMENT

Comprehensive

The Center does not have a "self-insurance" fund with formalized risk management programs. The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center is a member of the SOEPC program (see Note 2.A. for detail). The SOEPC Program is a public entity risk pool established pursuant to ORC 9.833 in order to provide the following coverage:

Property liability	$850,000,000
Boiler and machinery liability	250,000,000
General liability:	
Annual aggregate	3,000,000
Per occurrence	1,000,000

NOTE 9 - RISK MANAGEMENT - (Continued)

Abuse/molestation liability	$1,000,000
Excess property liability:	
Limit	350,000,000
Per member	3,000,000
Excess liability	4,000,000
Crime liability	1,000,000
Automobile liability	1,000,000
Pollution liability:	
Limit	1,000,000
Each incident	1,000,000
Aggregate	5,000,000
Cyber liability:	
Per member occurrence	1,000,000
Pool aggregate	5,000,000
Crisis protection liability:	
Aggregate limit	20,000,000
Per occurrence	1,000,000

Settled claims have not exceeded this coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability (asset) represent the Center's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Center is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center's contractually required contribution to SERS was $338,885 for fiscal year 2023. Of this amount, $6,285 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. 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 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the 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 after termination of employment at age 50 and after termination of employment.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was $1,980,883 for fiscal year 2023. Of this amount, $149,593 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.07085450%	0.09488700%	
Proportion of the net pension liability current measurement date	0.06452720%	0.09924964%	
Change in proportionate share	-0.00632730%	0.00436264%	
Proportionate share of the net pension liability	$ 3,490,133	$ 22,063,321	$ 25,553,454
Pension expense	$ (219,446)	$ 2,857,288	$ 2,637,842

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 141,353	$ 282,439	$ 423,792
Net difference between projected and actual earnings on pension plan investments	-	767,755	767,755
Changes of assumptions	34,437	2,640,317	2,674,754
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	606,364	606,364
Contributions subsequent to the measurement date	338,885	1,980,883	2,319,768
Total deferred outflows of resources	$ 514,675	$ 6,277,758	$ 6,792,433

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 22,911	$ 84,400	$ 107,311
Net difference between projected and actual earnings on pension plan investments	121,789	-	121,789
Changes of assumptions	-	1,987,399	1,987,399
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	351,967	261,761	613,728
Total deferred inflows of resources	$ 496,667	$ 2,333,560	$ 2,830,227

$2,319,768 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (127,265)	$ 30,975	$ (96,290)
2025	(173,979)	(489,034)	(663,013)
2026	202,395	2,237,579	2,439,974
Total	$ (98,849)	$ 1,779,520	$ 1,680,671

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	$ 5,137,309	$ 3,490,133	$ 2,102,409

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	$ 33,329,644	$ 22,063,321	$ 12,535,498

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Center's surcharge obligation was $38,139.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $38,139 for fiscal year 2023 and is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability/asset was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.07162100%	0.09488700%	
Proportion of the net OPEB liability/asset current measurement date	0.06572770%	0.09924964%	
Change in proportionate share	-0.00589330%	0.00436264%	
Proportionate share of the net OPEB liability	$ 922,824	$ -	$ 922,824
Proportionate share of the net OPEB asset	$ -	$ (2,569,903)	$ (2,569,903)
OPEB expense	$ (205,844)	$ (473,758)	$ (679,602)

At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 7,757	$ 37,256	$ 45,013
Net difference between projected and actual earnings on OPEB plan investments	4,799	44,736	49,535
Changes of assumptions	146,789	109,468	256,257
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	16,532	51,484	68,016
Contributions subsequent to the measurement date	38,139	-	38,139
Total deferred outflows of resources	$ 214,016	$ 242,944	$ 456,960

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 590,308	$ 385,949	$ 976,257
Changes of assumptions	378,828	1,822,310	2,201,138
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	613,629	38,354	651,983
Total deferred inflows of resources	$ 1,582,765	$ 2,246,613	$ 3,829,378

$38,139 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (328,405)	$ (600,071)	$ (928,476)
2025	(333,778)	(556,786)	(890,564)
2026	(285,498)	(275,492)	(560,990)
2027	(186,490)	(115,357)	(301,847)
2028	(117,362)	(150,801)	(268,163)
Thereafter	(155,355)	(305,162)	(460,517)
Total	$ (1,406,888)	$ (2,003,669)	$ (3,410,557)

Actuarial Assumptions - SERS

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

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

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

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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 1,146,161	$ 922,824	$ 742,530

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 711,663	$ 922,824	$ 1,198,634

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 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.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

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

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those 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, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the Center'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, 2022, calculated using the current period discount rate assumption of 7.00%, 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%) or one percentage point higher (8.00%) 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 2,379,778	$ 2,569,903	$ 2,736,163

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 2,665,615	$ 2,569,903	$ 2,449,091

NOTE 12 - STATE AND LOCAL FUNDING

The main sources of revenues of Educational Service Center (ESC) funding are the local funds that are deducted from the state foundation funding of the client districts and transferred to the ESC under ORC Sections 3313.843 or 3313.845 as well as state funds that are distributed directly to the ESCs based on parameters listed in Ohio Revised Code (ORC) Sections 263.220 and 263.390. Additionally, ESCs can apply to any state or federal agency for competitive grants.

A. State Funding

ORC Sections 263.220 and 263.390 provide for direct state funding of the ESCs for the general purpose of program maintenance and service delivery to client school districts.

State Operating Subsidy - This funding materializes in the form of a base amount applied to the same student count extracted from the latest Report Card as was utilized in the calculation of the local per-pupil funding under ORC Section 3313.843. Ohio law appropriates $45 million, $45.6 million and $47.6 million in fiscal years 2023, 2024 and 2025, respectively for the ESC state operating subsidy.

Gifted Funding - Another component of the state funding of ESCs is for gifted education. Under this section of the law the Ohio Department of Education (ODE) is authorized to set aside $3,800,000 of the total statewide appropriation slated for Foundation Funding for ESC gifted education. ODE is to distribute this funding through the unit-based funding methodology in place under ORC Section 3317.024(L), ORC Section 3317.05(E) and ORC Section 3317.035(A), (B) and (C) as they existed prior to fiscal year 2010. These sections of the law provide for the cost of each gifted unit to be predicated on the salary and fringes of the full time equivalent of the personnel involved at 15% of the salary figure as well as any additional unit allowances the law allows. The law also provides for the proration of the resulting state funding if the appropriation is not sufficient.

C. Local Funding

Presently the law provides that city, exempted village and local school districts with an average daily enrollment of 16,000 or less must enter into an agreement with an ESC under ORC Section 3313.843. The services the ESC provides to the client district under this section may include a variety of services including special education for students with special needs. Since ESCs have no legal taxing or bonding authority they must depend on revenues from member school districts.

NOTE 12 - STATE AND LOCAL FUNDING - (Continued)

District Per-Pupil Funding - City, exempted village and local school districts with an average daily enrollment of 16,000 or less must enter into an agreement with an ESC under ORC Section 3313.843. ORC Section 3313.843(H) provides that pursuant to provisions of ORC Section 3317.023 the ODE annually shall deduct from each school district that enters into an agreement with an ESC under this section, a per-pupil amount of $6.50 or above from state foundation payments to the school district and paid to ESC on semi-monthly basis throughout the fiscal year. The per-pupil amount is multiplied by the school age students count of the client district as reported on the latest Report Card.

Preschool Special Education Funding - In addition to services provided to school-age children, Educational Service Centers also offer preschool services to children with disabilities under the age of 6 not enrolled in kindergarten. Under ORC Section 3317.0213, ODE pays additional state aid to school districts for preschool children with disabilities. This state funding goes directly to the school district, which can choose to provide the services itself or contract with an ESC. Preschool funding is calculated according to ORC Section 3317.0213(A). If the district provides preschool services itself, the funding remains with the district. If the district contracts with an ESC, the calculated funding is deducted from the foundation payment of the district and sent to the ESC. This funding will be based on a constant per-pupil amount of $4,000 applied to the total count of all preschool children with disabilities plus special education weights as specified in the law, applied to each of the six categories of special education preschool children. The law provides for a unique weight for each category that is applied at 50% strength to the number of children in the respective category. To wealth equalize this funding the law also calls for the application of the state share percentage which is the measure of the state contribution to the foundation formula of the district to this part of the funding calculation.

Contracts Paid by Districts - City, exempted village, local and joint vocational school districts also may set up contracts with Educational Service Centers for services covered by ORC Section 3313.845. Funds can be deducted from the school district foundation calculation and sent to the Educational Service Center. To receive payment, both the district and an ESC must use ESC Contract system where they enter the information, upload the copy of the contract and provide electronic approvals. ESCs also have the option of billing a school district directly instead of having the state deduct the contract amount from its foundation funding.

Community schools may enter into agreements with Educational Service under ORC Section 331.844. Services provided and the amount and manner of payment to the ESC shall be mutually agreed on and reflected in their respective agreements. The agreements may call for payment to the ESC by the community school directly, or may advise the Department to make deductions from the foundation funding of the community school for the Educational Service Center.

NOTE 13 - CONTINGENCIES

A. Grants

The Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Center; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center.

NOTE 13 - CONTINGENCIES - (Continued)

B. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Center, which can extend past the fiscal year-end. The Center's August 25, 2023 foundation settlement included an FTE adjustment for fiscal year 2023. The FTE adjustment resulted in an increase of $2,879. As of the date of this report, additional ODE adjustments for fiscal year 2023 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Center.

NOTE 14 - OTHER COMMITMENTS

The Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Center's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General	$ 1,205,641
Auxiliary services	53,436
IDEA Part B	252,148
Nonmajor special revenue	191,471
Total	$ 1,702,696

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Center's proportion of the net pension liability	0.06452720%	0.07085450%	0.07913380%	0.08512800%
Center's proportionate share of the net pension liability	$ 3,490,133	$ 2,614,326	$ 5,234,076	$ 5,093,358
Center's covered payroll	$ 2,416,271	$ 2,449,221	$ 2,758,757	$ 2,917,415
Center's proportionate share of the net pension liability as a percentage of its covered payroll	144.44%	106.74%	189.73%	174.58%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

Amounts presented for each fiscal year were determined as of the Center's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.09896520%	0.09468440%	0.09875850%	0.11175330%	0.11016800%	0.11016800%
$ 5,667,920	$ 5,657,184	$ 7,228,211	$ 6,376,752	$ 5,575,540	$ 6,551,337
$ 3,219,415	$ 3,148,907	$ 3,062,993	$ 3,364,355	$ 3,201,263	$ 3,048,100
176.05%	179.66%	235.99%	189.54%	174.17%	214.93%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Center's proportion of the net pension liability	0.09924964%	0.09488700%	0.09635934%	0.09630894%
Center's proportionate share of the net pension liability	$ 22,063,321	$ 12,132,156	$ 23,315,532	$ 21,298,143
Center's covered payroll	$ 13,042,907	$ 11,646,014	$ 11,576,193	$ 11,361,143
Center's proportionate share of the net pension liability as a percentage of its covered payroll	169.16%	104.17%	201.41%	187.46%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

Amounts presented for each fiscal year were determined as of the
Center's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	0.09545678%	0.09133331%	0.09582460%	0.10338433%	0.11090770%	0.11090770%
	$ 20,988,803	$ 21,696,424	$ 32,075,382	$ 28,572,405	$ 26,976,586	$ 32,134,333
	$ 11,427,871	$ 10,082,929	$ 9,949,293	$ 10,835,579	$ 11,331,700	$ 12,099,377
	183.66%	215.18%	322.39%	263.69%	238.06%	265.59%
	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 338,885	$ 338,278	$ 342,891	$ 386,226
Contributions in relation to the contractually required contribution	(338,885)	(338,278)	(342,891)	(386,226)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 2,420,607	$ 2,416,271	$ 2,449,221	$ 2,758,757
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	393,851	$	434,621	$	440,847	$	428,819	$	443,422	$	443,695
	(393,851)		(434,621)		(440,847)		(428,819)		(443,422)		(443,695)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,917,415	$	3,219,415	$	3,148,907	$	3,062,993	$	3,364,355	$	3,201,263
	13.50%		13.50%		14.00%		14.00%		13.18%		13.86%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
Contractually required contribution	$ 1,980,883	$ 1,826,007	$ 1,630,442	$ 1,620,667
Contributions in relation to the contractually required contribution	(1,980,883)	(1,826,007)	(1,630,442)	(1,620,667)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 14,149,164	$ 13,042,907	$ 11,646,014	$ 11,576,193
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 1,590,560	$ 1,599,902	$ 1,411,610	$ 1,392,901	$ 1,516,981	$ 1,473,121
(1,590,560)	(1,599,902)	(1,411,610)	(1,392,901)	(1,516,981)	(1,473,121)
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,361,143	$ 11,427,871	$ 10,082,929	$ 9,949,293	$ 10,835,579	$ 11,331,700
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
Center's proportion of the net OPEB liability	0.06572770%	0.07162100%	0.08167490%	0.08693560%
Center's proportionate share of the net OPEB liability	$ 922,824	$ 1,355,486	$ 1,775,063	$ 2,186,248
Center's covered payroll	$ 2,416,271	$ 2,449,221	$ 2,758,757	$ 2,917,415
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.19%	55.34%	64.34%	74.94%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Center's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.09978640%		0.09612940%		0.09995322%
$	2,768,344	$	2,579,861	$	2,849,036
$	3,219,415	$	3,148,907	$	3,062,993
	85.99%		81.93%		93.01%
	13.57%		12.46%		11.49%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
Center's proportion of the net OPEB liability/asset	0.09924964%	0.09488700%	0.09635934%	0.09630894%
Center's proportionate share of the net OPEB liability/(asset)	$ (2,569,903)	$ (2,000,615)	$ (1,693,515)	$ (1,595,107)
Center's covered payroll	$ 13,042,907	$ 11,646,014	$ 11,576,193	$ 11,361,143
Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.70%	17.18%	14.63%	14.04%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.40%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Center's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.09545678%		0.09133331%		0.09582460%
$	(1,533,893)	$	3,563,489	$	5,124,725
$	11,427,871	$	10,082,929	$	9,949,293
	13.42%		35.34%		51.51%
	176.00%		47.10%		37.30%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 38,139	$ 41,635	$ 39,365	$ 50,379
Contributions in relation to the contractually required contribution	(38,139)	(41,635)	(39,365)	(50,379)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 2,420,607	$ 2,416,271	$ 2,449,221	$ 2,758,757
Contributions as a percentage of covered payroll	1.58%	1.72%	1.61%	1.83%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 66,226	$ 67,280	$ 52,609	$ 50,029	$ 90,674	$ 61,667
(66,226)	(67,280)	(52,609)	(50,029)	(90,674)	(61,667)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,917,415	$ 3,219,415	$ 3,148,907	$ 3,062,993	$ 3,364,355	$ 3,201,263
2.27%	2.09%	1.67%	1.63%	2.70%	1.93%

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 14,149,164	$ 13,042,907	$ 11,646,014	$ 11,576,193
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ -	$ -	$ -	$ -	$ -	$ 114,422
	-	-	-	-	-	(114,422)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 11,361,143	$ 11,427,871	$ 10,082,929	$ 9,949,293	$ 10,835,579	$ 11,331,700
	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 6,468
National School Lunch Program	10.555	14,820
Total Child Nutrition Cluster		21,288
COVID-19 Pandemic EBT Administrative Costs	10.649	628
Total U.S. Department of Agriculture		**21,916**
U.S. DEPARTMENT OF TRANSPORTATION		
Passed Through Ohio Department of Public Safety		
Highway Safety Cluster:		
State and Community Highway Safety	20.600	16,793
Total Highway Safety Cluster		16,793
Total U.S. Department of Transportation		**16,793**
U.S. DEPARTMENT OF DEFENSE		
Direct Program		
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	56,102
Total U.S. Department of Defense		**56,102**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Special Education Cluster:		
Special Education_Grants to States (IDEA, Part B)	84.027	2,098,053
Special Education_Grants to States (IDEA, Part B): Parent Mentoring	84.027	25,087
Special Education_Grants to States (IDEA, Part B): Literacy	84.027	56,060
Total Special Education_Grants to States		2,179,200
Special Education Preschool Grants	84.173	77,053
Special Education Preschool Grants: Early Learning Discretionary	84.173	84,722
Special Education Preschool Grants: Early Literacy	84.173	115,853
Total Special Education Preschool Grants		277,628
Total Special Education Cluster		2,456,828
Title I Grants to Local Educational Agencies	84.010	107,498
Education for Homeless Children and Youth	84.196	105,548
Improving Teacher Quality State Grants	84.367	6,806
Education Stabilization Fund		
COVID-19 Governor's Emergency Education Relief Fund (GEER I)	84.425C	86,201
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I)	84.425D	128,709
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	531,418
Total Education Stabilization Fund		746,328
Total U.S. Department of Education		**3,423,008**
Total Expenditures of Federal Awards		**$ 3,517,819**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Educational Service Center of Lake Erie West, Lucas County, Ohio (the Center) under programs of the federal 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 Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position or changes in net position of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash 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.

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

The Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Center assumes it expends federal monies first.

OHIO AUDITOR OF STATE
KEITH FABER

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

Educational Service Center of Lake Erie West
Lucas County
2275 Collingwood Boulevard
Toledo, Ohio 43620-1148

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Educational Service Center of Lake Erie West, Lucas County, Ohio (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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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

Educational Service Center of Lake Erie West
Lucas County
2275 Collingwood Boulevard
Toledo, Ohio 43620-1148

To the Governing Board:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Educational Service Center of Lake Erie West, Lucas County, Ohio's (the Center) 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 Educational Service Center of Lake Erie West's major federal program for the year ended June 30, 2023. The Educational Service Center of Lake Erie West's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Educational Service Center of Lake Erie West 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, 2023.

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 Center 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 Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Center’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 Center’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 Center'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 Center'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 Center’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 Center'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 Center'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.

Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2023

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SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

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):**	Educational Stabilization Fund
(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

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OHIO AUDITOR OF STATE
KEITH FABER

EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/16/2024