OHIO AUDITOR OF STATE
KEITH FABER

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY
JUNE 30, 2023

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FRANKLIN COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Educational Service Center of Central Ohio
Franklin County
2080 Citygate Drive
Columbus, Ohio 43219

To the Center Governing Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Educational Service Center of Central Ohio, Franklin, 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, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Educational Service Center of Central Ohio, Franklin County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for 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 March 22, 2024, 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

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The management's discussion and analysis of the Educational Service Center of Central Ohio'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 look at 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:

- The Center's net position was a deficit position of $5,321,200 as of June 30, 2023. This represents a decrease of $2,214,170 from last fiscal year's net deficit position of $3,107,030.

- Total revenues for the year amounted to $174,795,369. General revenues accounted for $6,713,482 or 3.84% of this total. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $168,081,887 or 96.16% of total revenues.

- The Center had $177,009,539 in expenses related to governmental activities; these expenses were supported by program specific charges for services and sales, grants or contributions in the amount of $168,081,887 and general revenues of $6,713,482.

- The Center's major governmental fund is the general fund. The general fund had $153,617,802 in revenues and other financing sources and $158,061,271 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance decreased from $33,459,683 to $29,016,214.

Using these Basic Financial Statements (BFS)

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 s*tatement of net position* and s*tatement 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. The Center's only major fund is the general fund.

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 looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include *all assets, liabilities, deferred inflows and outflows 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 will take into account 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 that position. This change in net position is important because it tells the reader that, for the Center as a whole, the *financial position* 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 increased or decreased services desired by school districts, State budget cuts, 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, and other operations. The government-wide financial statements include not only the activity of the Center itself (known as the primary government), but also a separate entity which has been reported as a discretely presented component unit.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds begins on page 11. 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.

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 fiscal year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* 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 you 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.

Proprietary Fund

The Center maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center has an internal service fund that accounts for a self-insurance program which provides workers' compensation benefits to the Center's employees.

Reporting the Center's Fiduciary Responsibilities

The Center maintains custodial funds to account for monies held as fiscal agent for other organizations. All of the Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

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

The required supplementary information provides detailed information regarding the Center's proportionate share of the net pension liability and the net OPEB liability/asset of the retirement systems. It also includes a ten year schedule of the Center's contributions to the retirement systems to fund pension and OPEB obligations.

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The following table provides a summary of the Center's net position for fiscal years 2023 and 2022.

Net Position

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current and other assets	$ 52,979,551	$ 53,737,663
Net OPEB asset	5,023,402	4,058,433
Capital assets, net	8,018,227	5,758,611
Total assets	66,021,180	63,554,707
Deferred outflows of resources		
Pension	15,311,251	16,594,875
OPEB	790,066	947,983
Total deferred outflows of resources	16,101,317	17,542,858
Liabilities		
Current liabilities	15,555,081	14,219,238
Long-term liabilities:		
Due within one year	1,377,447	1,419,776
Due in more than one year:		
Net pension liability	51,568,287	30,581,990
Net OPEB liability	2,039,679	2,848,699
Other amounts	5,257,212	3,627,321
Total liabilities	75,797,706	52,697,024
Deferred inflows of resources		
Pension	4,608,085	24,827,600
OPEB	7,037,906	6,679,971
Total deferred inflows of resources	11,645,991	31,507,571
Net position		
Net investment in capital assets	5,077,020	3,857,262
Restricted	1,582,179	1,073,618
Unrestricted (deficit)	(11,980,399)	(8,037,910)
Total net position (deficit)	$ (5,321,200)	$ (3,107,030)

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Center has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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.

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.

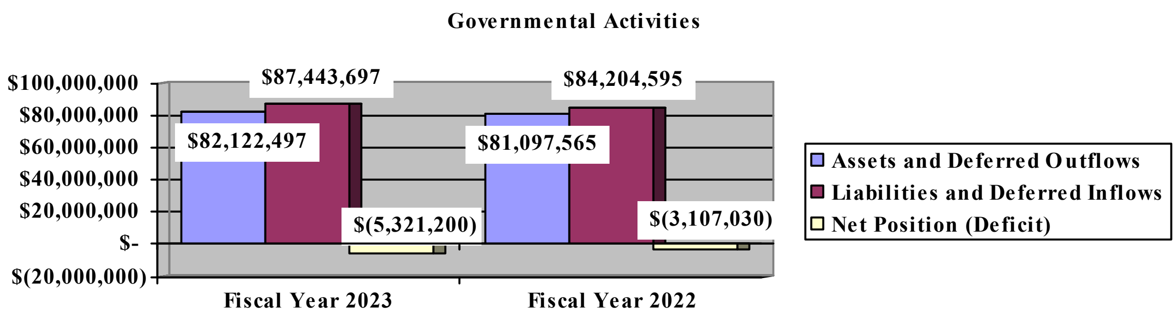
In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for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

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. Total net position decreased $2,214,170 and remained at a deficit net position at June 30, 2023. The net pension liability is the largest single liability reported by the Center, representing 68.03% and 58.03% of total liabilities for fiscal year 2023 and 2022, respectively. This liability, along with the net OPEB liability/asset, represent the Center's share of the two state retirement systems' present value of estimated future pension benefits less the assets available to pay those benefits. This will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the Center's proportionate share of the net pension and net OPEB cost. As a result 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. The result would be net position at June 30, 2023 of $38,808,038.

At year-end, capital assets represented 12.14% of total assets. Capital assets include land, buildings, furniture and equipment, vehicles, and intangible right to use assets for leased equipment and buildings. The net investment in capital assets at June 30, 2023 was $5,077,020. These capital assets are used to provide the Center's services and are not available for future spending.

A portion of the Center's net position, $1,582,179, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $11,980,399.



The following table shows the change in net position for fiscal year 2023 and 2022.

Change in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program revenues:		
Charges for services and sales	$ 151,588,543	$ 136,203,037
Operating grants and contributions	16,493,344	14,426,710
General revenues:		
Grants and entitlements	6,265,393	6,095,867
Investment earnings	372,094	(57,356)
Miscellaneous	75,995	391,960
Total revenues	174,795,369	157,060,218

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Change in Net Position (Continued)

	Governmental Activities 2023	Governmental Activities 2022
Expenses		
Program expenses:		
Instruction:		
Regular	$ 1,832,998	$ 2,134,699
Special	12,746,934	11,259,281
Vocational	188,752	23,576
Other	742	606,250
Support services:		
Pupil	22,006,047	18,775,278
Instructional staff	15,042,677	13,857,032
Board of education	50,933	52,247
Administration	4,121,126	3,364,271
Fiscal	3,615,656	3,125,942
Business	479,395	349,442
Operations and maintenance	1,036,948	1,606,390
Pupil transportation	9,725	104,935
Central	107,419,712	90,429,667
Operation of non-instructional services	8,348,108	5,873,052
Interest and fiscal charges	109,786	65,010
Total expenses	177,009,539	151,627,072
Change in net position	(2,214,170)	5,433,146
Net position (deficit) at beginning of year	(3,107,030)	(8,540,176)
Net position (deficit) at end of year	$ (5,321,200)	$ (3,107,030)

Governmental Activities

Net position of the Center's governmental activities decreased $2,214,170 during fiscal year 2023. Total governmental expenses of $177,009,539 were offset by program revenues of $168,081,887 and general revenues of $6,713,482. Program revenues supported 94.96% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from tuition and contracted fees for services provided to other entities. These revenue sources comprised 86.41% of total governmental revenue in fiscal year 2023 and account for most of the overall increase in revenues. The other factor in the increase is operating grants and contributions which increased due to additional Federal grant funding available as a result of the COVID-19 pandemic.

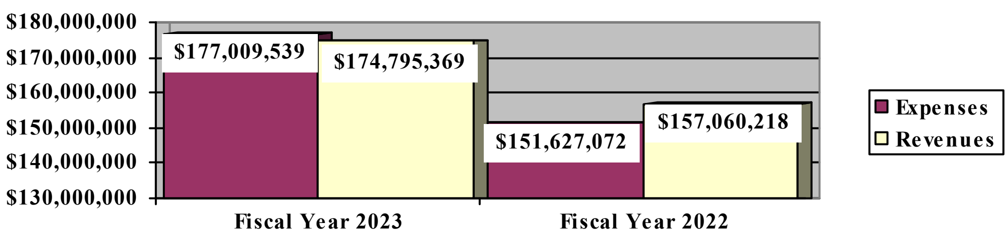
Total expenses increased $25,382,467 or 16.74%. This is primarily a result of increased service requests from the Center's members, as well as the Center's contract with the Ohio Department of Education to provide services to non-public schools from funds provided by the Emergency Assistance to Non-Public Schools (EANS). The effects of GASB 68 and 75 also impact expenses under accrual basis accounting. As previously discussed, this can greatly distort a comparative analysis of expenses from year to year. The following calculation illustrates the change in net position for fiscal years 2023 and 2022 without the effects of the pension and OPEB calculations.

	2023	2022
Total change in net position (with GASB 68 and 75)	$ (2,214,170)	$ 5,433,146
GASB 68 calculations:		
Add pension expense	6,581,210	681,931
Less current year contributions	(4,530,804)	(4,374,863)
GASB 75 calculations:		
Add OPEB expense	(1,229,887)	(466,733)
Less current year contributions	(28,250)	(21,739)
Total change in net position (without GASB 68 and 75)	$ (1,421,901)	$ 1,251,742

As illustrated above, pension expense increased dramatically. This was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income compared to previous years. Most of the Center's expenses are for support services; these accounted for $153,782,219 or 86.88% of total governmental expenses in fiscal year 2023. The most significant of these expenses are for central support services, which are primarily related to the Center's costs for management information and staff recruiting and placement services for its member entities.

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 table on the following page 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, and other general revenues not restricted to a specific program.

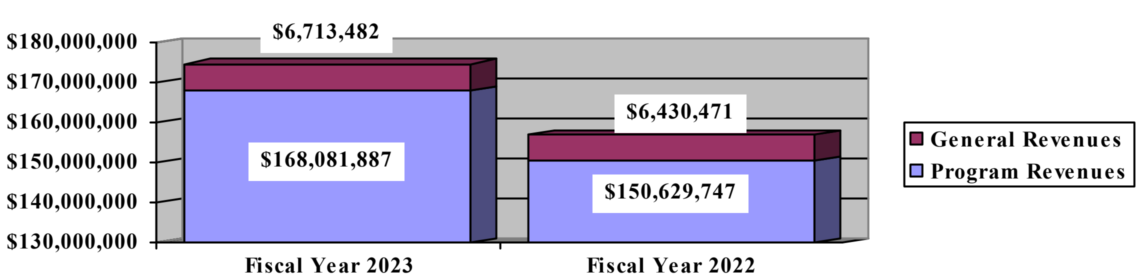
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses				
Instruction:				
Regular	$ 1,832,998	$ 132,581	$ 2,134,699	$ 1,598
Special	12,746,934	1,097,276	11,259,281	(748,103)
Vocational	188,752	(83,036)	23,576	(184)
Other	742	24	606,250	(3,997)
Support services:				
Pupil	22,006,047	1,543,950	18,775,278	(373,220)
Instructional staff	15,042,677	99,831	13,857,032	(461,552)
Board of education	50,933	50,933	52,247	52,247
Administration	4,121,126	277,169	3,364,271	143,939
Fiscal	3,615,656	358,257	3,125,942	(26,542)
Business	479,395	124,783	349,442	32,644
Operations and maintenance	1,036,948	122,090	1,606,390	127,627
Pupil transportation	9,725	334	104,935	(179)
Central	107,419,712	4,718,101	90,429,667	2,061,190
Operation of non-instructional services	8,348,108	375,573	5,873,052	126,847
Interest and fiscal charges	109,786	109,786	65,010	65,010
Total expenses	$ 177,009,539	$ 8,927,652	$ 151,627,072	$ 997,325

For all governmental activities, program revenue support was 94.96% for fiscal year 2023 and 99.34% for fiscal year 2022. The primary support of the Center is contracted fees for services provided to other districts.

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

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance of $29,122,024 which is $6,538,557 lower than last year's total of $35,660,581. The following table indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Change
General Fund	$ 29,016,214	$ 33,459,683	$ (4,443,469)
Nonmajor Governmental Funds	105,810	2,200,898	(2,095,088)
Total	$ 29,122,024	$ 35,660,581	$ (6,538,557)

General Fund

The Center's general fund balance decreased in fiscal year 2023 by $4,443,469. The tables that follow assist in illustrating the financial activities and change in fund balance of the general fund.

	2023 Amount	2022 Amount	Percentage Change
Revenues			
Tuition and fees	$ 17,555,726	$ 18,001,211	(2.47) %
Customer services	127,531,899	113,929,593	11.94 %
Earnings on investments	369,853	(58,389)	733.43 %
Intergovernmental	6,265,393	6,095,867	2.78 %
Other revenues	463,617	413,904	12.01 %
Total	$ 152,186,488	$ 138,382,186	9.98 %

	2023 Amount	2022 Amount	Percentage Change
Expenditures			
Instruction	$ 13,791,529	$ 14,315,294	(3.66) %
Support services	134,829,489	116,540,391	15.69 %
Operation of non-instructional services	8,151,835	5,866,693	38.95 %
Capital outlay	330,446	1,870,337	(82.33) %
Debt service	427,095	617,918	(30.88) %
Total	$ 157,530,394	$ 139,210,633	13.16 %

As the tables above show, both revenues and expenditures for the general fund for fiscal year 2023 were considerably higher than the prior year due to an increased demand for services. Also, the Emergency Assistance to Non-Public Schools (EANS) program provides Federal funding to support private and independent schools who were negatively impacted by the COVID-19 pandemic. The Center administers the funds and charges a nominal administrative fee for the service. The expenditures related to this program are reported in the operation of non-instructional services function.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the Center had $8,018,227 invested in capital assets, net of accumulated depreciation/amortization. This entire amount is reported in governmental activities. The table that follows shows fiscal year 2023 balances compared to 2022.

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

	Governmental Activities	
	2023	2022
Land	$ 798,781	$ 575,181
Construction in progress (CIP)	-	143,663
Buildings	4,591,588	2,497,707
Furniture and equipment	810,242	604,089
Vehicles	53,200	65,126
Intangible right to use - buildings	1,663,867	1,709,736
Intangible right to use - equipment	100,549	163,109
Total	$ 8,018,227	$ 5,758,611

Additions to capital assets for fiscal year 2023 were $3,082,793 (net of CIP transfers). A total of $823,177 in depreciation/amortization expense was recognized in fiscal year 2023. The most significant capital assets additions included the acquisition of land and a building to operate an alternative education program serving Center school district members. See Note 7 in the notes to the basic financial statements for additional information on the Center's capital assets.

Debt Administration

At June 30, 2023 the Center's outstanding debt obligations consisted of $2,941,207 in notes and leases payable. Of this total, $409,116 is due within one year and $2,532,091 is due in greater than one year. Additions for fiscal year 2023 included a building lease for $330,446 and a note obligation in the amount of $1,100,000 to finance the purchase of land and a building. Principal payments for the year amounted to $403,717. See Note 8 in the notes to the basic financial statements for detail on the Center's debt administration.

The following table summarizes the debt outstanding.

Outstanding Debt, at Fiscal Year End

	Governmental Activities 2023	Governmental Activities 2022
Notes payable	$ 1,100,000	$ -
Leases payable	1,841,207	1,914,478
Total	$ 2,941,207	$ 1,914,478

Current Financial Related Activities

The Center is in a stable financial position at the end of June 2023. The Governing Board has a permanent improvement fund to cover possible future office space needs or payment of office building rental, and future technology equipment needs. According to the latest State budget, in fiscal year 2024 the ESC will receive a slight increase in per-pupil funding and gifted education funding from the current $7.7 million to $7.9 million.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. Questions regarding this report or requests for additional financial information should be directed to Mr. David Varda, Treasurer, Educational Service Center of Central Ohio, 2080 Citygate Dr., Columbus, Ohio 43219.

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Component Unit
Assets:		
Equity in pooled cash and cash equivalents	$ 34,486,741	$ 4,115,955
Receivables:		
Accounts	17,169,260	10,096,108
Accrued interest	6,224	-
Intergovernmental	1,317,326	-
Net OPEB asset	5,023,402	9,937,371
Capital assets:		
Not being depreciated/amortized	798,781	-
Being depreciatd/amortized, net	7,219,446	-
Capital assets, net	8,018,227	-
Total assets	66,021,180	24,149,434
Deferred outflows of resources:		
Pension	15,311,251	47,606,034
OPEB	790,066	6,946,701
Total deferred outflows of resources	16,101,317	54,552,735
Liabilities:		
Accounts payable	2,563,818	36,461
Accrued wages and benefits payable	4,651,047	6,853,834
Intergovernmental payable	6,598,814	4,368,042
Accrued interest payable	11,624	-
Unearned revenue	1,647,667	-
Claims payable	82,111	-
Long-term liabilities:		
Due within one year	1,377,447	1,060,338
Due in more than one year:		
Net pension liability	51,568,287	136,581,357
Net OPEB liability	2,039,679	13,543,861
Other amounts due in more than one year	5,257,212	1,151,635
Total liabilities	75,797,706	163,595,528
Deferred inflows of resources:		
Pension	4,608,085	10,600,253
OPEB	7,037,906	23,344,610
Total deferred inflows of resources	11,645,991	33,944,863
Net position:		
Net investment in capital assets	5,077,020	-
Restricted for:		
OPEB	1,033,354	2,371,725
Federally funded programs	100,000	-
Student activities	89	-
Other purposes	448,736	-
Unrestricted (deficit)	(11,980,399)	(121,209,947)
Total net position (deficit)	$ (5,321,200)	$ (118,838,222)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	Governmental Activities	Component Unit
Governmental activities:					
Instruction:					
Regular	$ 1,832,998	$ 1,611,388	$ 89,029	$ (132,581)	$ -
Special	12,746,934	11,548,091	101,567	(1,097,276)	-
Vocational	188,752	-	271,788	83,036	-
Other	742	-	718	(24)	-
Support services:					
Pupil	22,006,047	14,921,042	5,541,055	(1,543,950)	-
Instructional staff	15,042,677	11,915,562	3,027,284	(99,831)	-
Board of education	50,933	-	-	(50,933)	-
Administration	4,121,126	3,616,632	227,325	(277,169)	-
Fiscal	3,615,656	2,392,254	865,145	(358,257)	-
Business	479,395	354,612	-	(124,783)	-
Operations and maintenance	1,036,948	824,302	90,556	(122,090)	-
Pupil transportation	9,725	1,204	8,187	(334)	-
Central	107,419,712	96,621,663	6,079,948	(4,718,101)	-
Operation of non-instructional services	8,348,108	7,781,793	190,742	(375,573)	-
Interest and fiscal charges	109,786	-	-	(109,786)	-
Totals	$ 177,009,539	$ 151,588,543	$ 16,493,344	(8,927,652)	-
Component unit:					
Educational Service Center Council of Governments	$ 130,955,225	$ 127,389,283	$ -	-	(3,565,942)
		General revenues:			
		Grants and entitlements not restricted to specific programs		6,265,393	-
		Investment earnings		372,094	-
		Miscellaneous		75,995	-
		Total general revenues		6,713,482	-
		Change in net position		(2,214,170)	(3,565,942)
		Net position (deficit) at beginning of year		(3,107,030)	(115,272,280)
		Net position (deficit) at end of year		$ (5,321,200)	$ (118,838,222)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and cash equivalents	$ 32,581,272	$ 1,807,197	$ 34,388,469
Receivables:			
Accounts	16,810,660	358,600	17,169,260
Accrued interest	6,224	-	6,224
Intergovernmental	-	1,317,326	1,317,326
Due from other funds	499,152	-	499,152
Total assets	$ 49,897,308	$ 3,483,123	$ 53,380,431
Liabilities:			
Accounts payable	$ 1,246,212	$ 1,317,606	$ 2,563,818
Accrued wages and benefits payable	4,562,746	88,301	4,651,047
Compensated absences payable	106,467	6,421	112,888
Intergovernmental payable	5,856,261	742,553	6,598,814
Due to other funds	-	499,152	499,152
Unearned revenue	1,647,667	-	1,647,667
Total liabilities	13,419,353	2,654,033	16,073,386
Deferred inflows of resources:			
Intergovernmental revenue not available	-	715,780	715,780
Accrued interest not available	5,963	-	5,963
Customer services revenue not available	7,274,610	7,500	7,282,110
Other revenue not available	181,168	-	181,168
Total deferred inflows of resources	7,461,741	723,280	8,185,021
Fund balances:			
Restricted:			
Federally funded programs	-	100,000	100,000
Extracurricular activities	-	89	89
Other purposes	-	441,236	441,236
Assigned:			
Student instruction	156,013	-	156,013
Student and staff support	4,406,793	-	4,406,793
Non-instructional services	4,511,986	-	4,511,986
Capital improvements	-	697,976	697,976
Unassigned (deficit)	19,941,422	(1,133,491)	18,807,931
Total fund balances	29,016,214	105,810	29,122,024
Total liabilities, deferred inflows and fund balances	$ 49,897,308	$ 3,483,123	$ 53,380,431

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

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

Total governmental fund balances		$ 29,122,024
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.		8,018,227
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Accounts receivable	$ 7,463,278	
Accrued interest receivable	5,963	
Intergovernmental receivable	715,780	
Total		8,185,021
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		16,161
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(11,624)
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	15,311,251	
Deferred inflows - pension	(4,608,085)	
Net pension liability	(51,568,287)	
Deferred outflows - OPEB	790,066	
Deferred inflows - OPEB	(7,037,906)	
Net OPEB asset	5,023,402	
Net OPEB liability	(2,039,679)	
Total		(44,129,238)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Leases payable	(1,841,207)	
Notes payable	(1,100,000)	
Compensated absences	(1,841,090)	
Intergovernmental payable	(1,739,474)	
Total		(6,521,771)
Net position of governmental activities		$ (5,321,200)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Intergovernmental	$ 6,265,393	$ 15,568,883	$ 21,834,276
Investment earnings	369,853	-	369,853
Tuition and fees	17,555,726	-	17,555,726
Rental income	28,136	-	28,136
Customer services	127,531,899	2,111,956	129,643,855
Contributions and donations	987	-	987
Miscellaneous	434,494	476,352	910,846
Total revenues	152,186,488	18,157,191	170,343,679
Expenditures:			
Current:			
Instruction:			
Regular	1,689,001	91,092	1,780,093
Special	12,102,528	101,567	12,204,095
Vocational	-	280,976	280,976
Other	-	742	742
Support services:			
Pupil	14,104,149	7,383,397	21,487,546
Instructional staff	12,361,275	3,217,385	15,578,660
Board of education	50,744	-	50,744
Administration	3,875,186	241,315	4,116,501
Fiscal	2,412,164	999,388	3,411,552
Business	371,474	-	371,474
Operations and maintenance	855,952	99,805	955,757
Pupil transportation	-	9,725	9,725
Central	100,798,545	6,493,027	107,291,572
Operation of non-instructional services	8,151,835	196,273	8,348,108
Facilities acquisition and construction	-	1,585,339	1,585,339
Capital outlay	330,446	-	330,446
Debt service:			
Principal retirement	322,958	80,759	403,717
Interest and fiscal charges	104,137	1,498	105,635
Total expenditures	157,530,394	20,782,288	178,312,682
Excess of revenues over (under) expenditures	(5,343,906)	(2,625,097)	(7,969,003)
Other financing sources (uses):			
Issuance of notes	1,100,000	-	1,100,000
Transfers in	868	530,877	531,745
Transfers (out)	(530,877)	(868)	(531,745)
Lease transaction	330,446	-	330,446
Total other financing sources (uses)	900,437	530,009	1,430,446
Net change in fund balances	(4,443,469)	(2,095,088)	(6,538,557)
Fund balances at beginning of year	33,459,683	2,200,898	35,660,581
Fund balances at end of year	$ 29,016,214	$ 105,810	$ 29,122,024

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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		$ (6,538,557)
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	$ 3,082,793	
Current year depreciation/amortization	(823,177)	
Total		2,259,616
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Customer services	3,824,388	
Earnings on investments	2,241	
Intergovernmental	448,109	
Other revenue	176,952	
Total		4,451,690
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		403,717
The issuance of notes and inception of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported since they increase liabilities on the statement of net position.		(1,430,446)
In the statement of activities, interest is accrued on long-term debt obligations, whereas in governmental funds, an interest expenditure is reported when due.		(4,151)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
Pension	4,530,804	
OPEB	28,250	
Total		4,559,054
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	(6,581,210)	
OPEB	1,229,887	
Total		(5,351,323)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences	(151,664)	
Intergovernmental payable	(309,404)	
Total		(461,068)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(102,702)
Change in net position of governmental activities		$ (2,214,170)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and cash equivalents	$ 98,272
Total assets	98,272
Liabilities:	
Claims payable	82,111
Total liabilities	82,111
Net position:	
Unrestricted	16,161
Total net position	$ 16,161

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	$ 32,401
Total operating revenues	32,401
Operating expenses:	
Claims	135,103
Total operating expenses	135,103
Operating loss and change in net position	(102,702)
Net position at beginning of year	118,863
Net position at end of year	$ 16,161

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	$ 32,401
Cash payments for claims	(88,790)
Net cash used in operating activities and decrease in cash and cash equivalents	(56,389)
Cash and cash equivalents at beginning of year	154,661
Cash and cash equivalents at end of year	$ 98,272
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (102,702)
Changes in assets and liabilities:	
Increase in claims payable	46,313
Net cash used in operating activities	$ (56,389)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

		Custodial
Assets:		
Equity in pooled cash		
and cash equivalents	$	92,509
Investments in segregated accounts		720,161
Receivables:		
Accrued interest		162
Total assets		812,832
Liabilities:		
Due to other governments		10,214
Total liabilities		10,214
Net position:		
Restricted for other organizations		802,618
Total net position	$	802,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Custodial
Additions:	
Amounts received as fiscal agent	$ 927,562
Earnings on investments	20,179
Total additions	947,741
Deductions:	
Distributions as fiscal agent	942,615
Total deductions	942,615
Change in net position	5,126
Net position at beginning of year	797,492
Net position at end of year	$ 802,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CENTER

The Educational Service Center of Central Ohio (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The Center operates under a locally-elected five member Governing Board form of government and provides educational services as mandated by State or federal agencies. The Governing Board controls the Center's staff that provides services to students and other community members.

The Center provides services in the area of special education classes, supervision, administration, fiscal and other needed services to school districts in Delaware, Franklin, Licking, Marion, Ross and Union Counties. In addition, the Center provides contracted services and fiscal services for non-public schools and various state and local agencies.

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 one component unit, which is discussed on the following page.

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

The following organizations are described due to their relationship with the Center.

COMPONENT UNIT

Educational Service Center Council of Governments (the "Council") - The Council is a legally separate body politic and corporate that meets the definition of regional council of governments under Chapter 167 of the Ohio Revised Code. The Council is governed by a Governing Board consisting of one member designated by each of Gahanna-Jefferson Public School District, Groveport Madison Local District, Delaware City School District and two members designated by the Educational Service Center of Central Ohio (the "Center"). The Council provides employment services primarily to the Center. Other School Districts, community schools and other political subdivisions that have entered into service agreements with the Council shall automatically be members of the Council's Advisory Committee during the terms of such agreements. The Treasurer of the Center is also the Treasurer of the Council.

Due to the nature and significance of the Council's relationship with the Center, the Council has been determined to be a discretely presented component unit and has been included as part of the Center's basic financial statements. The Council issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. The report may be obtained by writing to the Treasurer of the Educational Service Center of Central Ohio, 2080 Citygate Dr., Columbus, Ohio 43219.

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association
The Metropolitan Educational Technology Association or META, (the "Association") is a Regional Council of Governments pursuant to Chapter 167 of the Ohio Revised Code. The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves hundreds of schools throughout Ohio. The Association operates under a Board of Directors consisting of 13 members. Financial information can be obtained from Ashley Widby, CFO, 100 Executive Drive, Marion, Ohio 43302.

Delaware Area Career Center
The Delaware Area Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio. The Career Center is operated under the direction of a Board consisting of two representatives from each of the participating school districts' elected boards, and one representative from the Center. The Career Center possesses its own budgeting and taxing authority. Financial information is available from Christopher Bell, Treasurer, Delaware Area Career Center, at 4565 Columbus Pike, Delaware, Ohio 43015.

PUBLIC ENTITY RISK POOL

Optimal Health Initiatives Consortium
The Center is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts and other entities whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economies of scale to create cost-savings. The Consortium's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Todd Rosenbaum, Mountjoy Chilton Medley LLP, 201 East 5th Street, Suite 2100, Cincinnati, Ohio 45202.

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

B. Fund Accounting

The Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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 is the Center's major governmental fund:

<u>General fund</u> - 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.

Other governmental funds of the Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is a description of the Center's proprietary fund:

<u>Internal service fund</u> - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost-reimbursement basis. The Center's internal service fund accounts for a self-insurance program which provides workers' compensation benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center has no trust funds. Custodial funds are other fiduciary funds that do not meet the criteria for reporting as trust funds. The Center's custodial funds account for various resources held as fiscal agent for other organizations.

C. Basis of Presentation and Measurement Focus

<u>Government-Wide Financial Statements</u> - 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, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type.

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Center and for each function or program of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the 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 which are not classified as program revenues are presented as general revenues of the Center. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements - 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. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows and current liabilities and deferred inflows, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflows and outflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the Center's internal service fund is charges for services. Operating expenses for the internal service fund include charges for services and claims expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 year when the 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: tuition, grants, and contract services.

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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 11 and Note 12 for deferred outflows of resources related the Center’s net pension liability 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, customer services revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Note 11 and Note 12 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 at the time 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.

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

E. Budgetary Process

Although not legally required, the Center adopts a budget for all funds, except custodial funds. The budget includes the estimated resources and expenditures for each fund and consists of three parts; Part (A) includes entitlement funding from the State, Part (B) includes the cost of all other lawful expenditures of the Center (which are apportioned by the State Department of Education to each local board of education under the supervision of the Center), and Part (C) includes the adopted appropriation resolution.

In fiscal year 2004, the Center requirement to file budgetary information with the Ohio Department of Education was eliminated and the Center has elected to not present budgetary schedules as supplementary information for fiscal year 2023. Even though the budgetary process for the Center was discretionary, the Center continued to have its Board approve appropriations and estimated resources. 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 fund level for all funds.

F. Cash and Cash Equivalents

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.

During fiscal year 2023, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Treasury Notes, and a U.S. Government money market mutual fund. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Governing Board has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings credited to the general fund in fiscal year 2023 amounted to $369,853 which includes $20,498 assigned from other Center 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 by the Center 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 investment account at fiscal year-end is provided in Note 4.

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

G. Capital Assets

General capital assets are those assets specifically related to governmental activities. 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 at their fair values as of the date received. The Center maintains a capitalization threshold of $5,000. The Center does not possess any infrastructure. 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.

All reported capital assets except land are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. The District is reporting intangible right to use assets for leased buildings and equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 years
Intangible right to use - buildings	3 - 15 years
Intangible right to use - equipment	4 - 5 years

H. Compensated Absences

The Center accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments.

All employees with eight or more years of service were included in the calculation of the long-term compensated absences accrual amount. Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments as termination or retirement.

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 additional salary related payments.

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

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

I. 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, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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. Lease purchase agreements and capital leases are recognized as a liability on the fund financial statements when due. 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.

J. 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.

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.

K. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. 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.

L. 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.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

N. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. Interfund activities between governmental funds are eliminated in the statement of activities.

O. Interfund Balances

On fund financial statements, receivables and payables to cover deficit cash balances are classified as "due to/from other funds." On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "loans to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

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

P. 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, 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 plan. 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 plans report investments at fair value.

Q. 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. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Center.

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, 2023 included the following individual fund deficits:

Nonmajor funds	Deficit
Miscellaneous State Grants	$ 31,941
Elementary and Secondary School Emergency Relief	479,727
Governor's Emergency Education Relief	84,576
IDEA Part B	119,658
Limited English Proficiency Grant	2,538
Title I	19,350
Early Childhood Special Education	12,317
Title II-A	4,138
Miscellaneous Federal Grants	25,222
Title III	65,173

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 Governing 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

2. Bonds, notes, debentures, or any other obligation or security 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, and Government National Mortgage 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

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

8. Certain banker’s acceptance for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, 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. Cash on Hand

At June 30, 2023, the Center had $750 in undeposited cash on hand. This is included in “equity in pooled cash and cash equivalents” on the financial statements.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments in Segregated Accounts

At June 30, 2023, the Center is reporting investments in segregated account of $720,161. This represents investments held by the Educational Service Center Council of Governments, which is reported as a component unit of the Center. See Note 16 for further detail.

C. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all Center deposits was $23,011,499 and the bank balance of all Center deposits was $23,306,752. Of the bank balance, $250,000 was covered by the FDIC and $23,056,752 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. 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.

Custodial credit risk is the risk that, in the event of bank failure, the Center's deposits may not be returned. The Center has no deposit policy for custodial risk beyond the requirements of 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 Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 50 percent of the deposits being secured or a rate set by the Treasurer of State.

D. Investments

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

		Investment Maturities	
Measurement/ Investment type	Measurement Value	Less than one year	1 to 2 years
Fair Value:			
US Treasury notes	$ 4,335,821	$ 3,388,186	$ 947,635
US Government money market	533,194	533,194	-
Amortized Cost:			
STAR Ohio	6,697,986	6,697,986	-
Total	$ 11,567,001	$ 10,619,366	$ 947,635

The weighted average maturity of investments is approximately 0.29 years.

The Center's investments measured at fair value are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: 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: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CDs are fully FDIC insured. The US Treasury notes were rated Aaa by Moody's Investor Services. The Center's investment policy does not specifically address credit risk beyond requiring the Center to only invest in securities authorized by State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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
Fair Value:		
US Treasury notes	$ 4,335,821	37.48
US Government money market	533,194	4.61
Amortized Cost:		
STAR Ohio	6,697,986	57.91
Total	$ 11,567,001	100.00

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash, cash equivalents and investments as reported on the statement of net position as of June 30, 2023:

Cash and investments per note	
Carrying amount of deposits	$ 23,011,499
Investments	11,567,001
Cash on hand	750
Investments in segregated accounts	720,161
Total	$ 35,299,411

Cash, cash equivalents and investments per statement of net position	
Governmental activities	$ 34,486,741
Custodial funds	812,670
Total	$ 35,299,411

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2023, as reported on the fund statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 499,152

The primary purpose of the due to/from other funds is to cover negative cash at fiscal year end. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

Transfers from	Transfers to	Amount
General fund	Nonmajor governmental funds	$ 530,877
Nonmajor governmental funds	General fund	868
Total		$ 531,745

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

NOTE 6 - RECEIVABLES

Receivables at June 30, 2023 consisted of accounts, which represent billings to school districts and other parties for user charged services, intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full. Receivables have been disaggregated on the face of the basic financial statements. Except for accounts receivable of $1,458,579, all receivables are expected to be collected within 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 06/30/22	Additions	Deductions	Balance 06/30/23
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 575,181	$ 223,600	$ -	$ 798,781
Construction in progress	143,663	-	(143,663)	-
Total capital assets, not being depreciated/amortized	718,844	223,600	(143,663)	798,781
Capital assets, being depreciated/amortized:				
Buildings and improvements	4,034,658	2,261,969	-	6,296,627
Furniture and equipment	3,345,455	410,441	(724,146)	3,031,750
Vehicles	163,977	-	-	163,977
Intangible right to use - leased buildings	2,091,319	330,446	(387,229)	2,034,536
Intangible right to use - leased equipment	250,241	-	-	250,241
Total capital assets, being depreciated/amortized	9,885,650	3,002,856	(1,111,375)	11,777,131
Less: accumulated depreciation/amortization				
Buildings and improvements	(1,536,951)	(168,088)	-	(1,705,039)
Furniture and equipment	(2,741,366)	(204,288)	724,146	(2,221,508)
Vehicles	(98,851)	(11,926)	-	(110,777)
Intangible right to use - leased buildings	(381,583)	(376,315)	387,229	(370,669)
Intangible right to use - leased equipment	(87,132)	(62,560)	-	(149,692)
Total accumulated depreciation/amortization	(4,845,883)	(823,177)	1,111,375	(4,557,685)
Governmental activities capital assets, net	$ 5,758,611	$ 2,403,279	$ (143,663)	$ 8,018,227

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 33,793
Special	197,744
Vocational	33,851
Support services:	
Pupil	31,583
Instructional staff	125,389
Administration	137,010
Fiscal	14,322
Business	25,890
Operations and maintenance	59,953
Central	163,642
Total	$ 823,177

NOTE 8 - LONG-TERM OBLIGATIONS

During fiscal year 2023, the following activity occurred in governmental activities long-term obligations:

	Balance at 06/30/22	Additions	Reductions	Balance at 06/30/23	Due Within One Year
Compensated absences	$ 1,702,549	$ 827,998	$ (576,569)	$ 1,953,978	$ 534,854
Intergovernmental payable	1,430,070	885,010	(575,606)	1,739,474	433,477
Leases payable	1,914,478	330,446	(403,717)	1,841,207	319,116
Notes payable	-	1,100,000	-	1,100,000	90,000
Net pension liability	30,581,990	20,986,297	-	51,568,287	-
Net OPEB liability	2,848,699	-	(809,020)	2,039,679	-
Total long-term obligations	$ 38,477,786	$ 24,129,751	$ (2,364,912)	$ 60,242,625	$ 1,377,447

Certain Center employees are employed by the Educational Service Center Council of Governments (the "Council"). Sick and vacation leave payouts for these employees are paid by the Council and subsequently reimbursed by the Center. The intergovernmental payable reported as a long-term obligation represents the sick and vacation leave balances for the Center's employees in accordance with GASB Statement No. 16. This liability is paid primarily from the general fund.

Compensated absences, the net pension liability, and the net OPEB liability are paid from the fund from which the employees' salaries are paid which is primarily the general fund. See Note 11 and Note 12 for detail on the net pension liability and net OPEB liability, respectively.

Leases Payable: - The Center has entered into lease agreements for the right to use copier equipment, a mail machine, and buildings. The terms of the equipment leases range from 4-5 years, and the terms of the building leases range from 3-15 years. Monthly payments are due on all leases.

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Notes Payable: - In fiscal year 2023, the Center borrowed $1,100,000 in the form of a taxable ten-year note bearing instrument at a rate of 4.75%, to subsidize the purchase of land and a building. The final payment is due on December 1, 2032.

The following is a schedule of future payments on the lease and note agreements:

	Leases Payable			Notes Payable		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 319,116	$ 80,537	$ 399,653	$ 90,000	$ 50,113	$ 140,113
2025	342,940	64,932	407,872	95,000	45,719	140,719
2026	327,091	48,829	375,920	95,000	41,206	136,206
2027	342,159	33,122	375,281	100,000	36,575	136,575
2028	359,322	16,352	375,674	105,000	31,706	136,706
2029 - 2033	150,579	2,093	152,672	615,000	76,118	691,118
Total	$ 1,841,207	$ 245,865	$ 2,087,072	$ 1,100,000	$ 281,437	$ 1,381,437

NOTE 9 - RISK MANAGEMENT

A. General Risk

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 has addressed the various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of $15,000,000 per occurrence. Automobile liability is maintained in the amount of $15,000,000 per occurrence. Cyber security claims are insured in the amount of $5,000,000 annual policy aggregate, and $1,000,000 insured member aggregate limit. The Center maintains commercial property insurance on buildings and buildings contents in the amount of $13,890,492. Other insurance includes hired non-owned auto coverage for employees using their vehicles for Center business. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior fiscal year.

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

B. Workers' Compensation

Effective July 1, 2012, the Center became self-insured in an effort to control claims and costs related to injured workers' compensation. The Center pays into a self-insurance internal service fund a percentage of the covered employees' salaries. The rate is fixed and determined annually based on claims experience. The Center contracts with a third party to manage claims and also purchased stop-loss coverage for claims exceeding $400,000.

The claims liability of $82,111 at June 30, 2023, is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

NOTE 9 - RISK MANAGEMENT - (Continued)

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

	Balance June 30, 2023	Balance June 30, 2022
Claims liability at beginning of fiscal year	$ 35,798	$ 11,316
Incurred claims	135,103	124,996
Claims paid	(88,790)	(100,514)
Claims liability at end of fiscal year	$ 82,111	$ 35,798

C. Health and Dental Insurance

Effective March 1, 2014, the Center is a member of the Optimal Health Initiatives Consortium to provide employee health and dental insurance. The Center pays 80% of contributions and employees pay 20%.

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from Center policy and State laws. Only administrative and support personnel who are under a full year contract are eligible for vacation time.

The Superintendent and Treasurer receive thirty days of vacation per year. Certified employees on an eleven month contract receive ten days per year. All other full time employees earn up to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to employees upon termination of employment.

Classified personnel accumulate vacation based on the following schedule:

Years of Service	Vacation Days
1 - 9	12
10 - 19	15
20 - Beyond	20

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis.

For all employees, retirement severance is paid to each employee retiring from the Center at a per diem rate of the annual salary at the time of retirement. The dollar amount of severance pay is calculated based on twenty-five percent of the employee's accumulated sick leave at the time of his/her retirement up to a maximum of thirty days for employees with less than eight years of service and a maximum of fifty days for employees with eight years or more of service, with the exception of the Superintendent and the Treasurer who have no maximum.

NOTE 11 - 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 12 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 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 $866,307 for fiscal year 2023. Of this amount, $39,919 is reported as a liability.

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, OH 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 $3,664,497 for fiscal year 2023. Of this amount, $548,334 is reported as a liability.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.16182260%	0.19248709%	
Proportion of the net pension liability current measurement date	0.15606120%	0.19400377%	
Change in proportionate share	-0.00576140%	0.00151668%	
Proportionate share of the net pension liability	$ 8,441,004	$ 43,127,283	$ 51,568,287
Pension expense	$ 374,845	$ 6,206,365	$ 6,581,210

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	$ 341,867	$ 552,085	$ 893,952
Net difference between projected and actual earnings on pension plan investments	-	1,500,734	1,500,734
Changes of assumptions	83,289	5,161,039	5,244,328
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	51,600	3,089,833	3,141,433
Contributions subsequent to the measurement date	866,307	3,664,497	4,530,804
Total deferred outflows of resources	$ 1,343,063	$ 13,968,188	$ 15,311,251

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 55,414	$ 164,975	$ 220,389
Net difference between projected and actual earnings on pension plan investments	294,556	-	294,556
Changes of assumptions	-	3,884,779	3,884,779
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	208,361	-	208,361
Total deferred inflows of resources	$ 558,331	$ 4,049,754	$ 4,608,085

$4,530,804 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	$ (19,266)	$ 1,489,902	$ 1,470,636
2025	(131,035)	1,048,621	917,586
2026	(420,773)	(658,393)	(1,079,166)
2027	489,499	4,373,807	4,863,306
Total	$ (81,575)	$ 6,253,937	$ 6,172,362

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.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	$ 12,424,754	$ 8,441,004	$ 5,084,748

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%

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.
**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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	$ 65,149,623	$ 43,127,283	$ 24,503,200

***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 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 11 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.

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 $28,250.

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 $28,250 for fiscal year 2023 which is reported as a liability.

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 12 - 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	0.15051920%	0.19248709%	
Proportion of the net OPEB liability/asset current measurement date	0.14527520%	0.19400377%	
Change in proportionate share	-0.00524400%	0.00151668%	
Proportionate share of the net OPEB liability	$ 2,039,679	$ -	$ 2,039,679
Proportionate share of the net OPEB (asset)	$ -	$ (5,023,402)	$ (5,023,402)
OPEB expense	$ (281,160)	$ (948,727)	$ (1,229,887)

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	$ 17,145	$ 72,822	$ 89,967
Net difference between projected and actual earnings on OPEB plan investments	10,602	87,446	98,048
Changes of assumptions	324,436	213,977	538,413
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	35,388	35,388
Contributions subsequent to the measurement date	28,250	-	28,250
Total deferred outflows of resources	$ 380,433	$ 409,633	$ 790,066

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,304,731	$ 754,424	$ 2,059,155
Changes of assumptions	837,303	3,562,087	4,399,390
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	496,191	83,170	579,361
Total deferred inflows of resources	$ 2,638,225	$ 4,399,681	$ 7,037,906

$28,250 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 12 - 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	$ (552,043)	$ (1,195,655)	$ (1,747,698)
2025	(523,831)	(1,157,793)	(1,681,624)
2026	(437,416)	(529,250)	(966,666)
2027	(279,591)	(219,641)	(499,232)
2028	(188,285)	(292,769)	(481,054)
Thereafter	(304,876)	(594,940)	(899,816)
Total	$ (2,286,042)	$ (3,990,048)	$ (6,276,090)

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 12 - 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 12 - 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 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 2,533,312	$ 2,039,679	$ 1,641,183

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 1,572,958	$ 2,039,679	$ 2,649,291

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 12 - 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 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 4,651,764	$ 5,023,402	$ 5,348,391

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 5,210,491	$ 5,023,402	$ 4,787,251

NOTE 13 - STATE FUNDING

The Center is funded by the State Department of Education for the cost of Part (A) of their budget. This funding is provided from state resources. Part (B) of the budget is provided by the school districts to which the Center provided services and by the State Department of Education. Each school district's portion is determined by multiplying the average daily membership of the school district (the total number of students enrolled) by $6.50. This amount is deducted by the State Department of Education from that school district's resources provided under the State's Foundation Program. The Department of Education's portion is determined by multiplying the sum of the average daily memberships of all of the school districts served by the Center by $27. This amount is provided from State resources.

If additional funding is needed for the Center, and if a majority of the Boards of Education of the school districts served by the Center approve, the cost of Part (B) of the budget can be increased. The portion that is in excess of the original funding calculation is shared by all of the school districts served by the Center through additional reductions in their resources provided through the State Foundation Program. The State Governing Board initiates and supervises the procedure under which the school districts approve or disapprove the additional apportionment.

NOTE 14 - 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 or expenditures will not have a material adverse effect on the financial position of the Center at June 30, 2023.

B. Litigation

The Center is not a party to legal proceedings that would have a material effect, if any, on the financial condition of the Center.

C. 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. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2023. The financial statement impact is immaterial to the Center.

NOTE 15 - OTHER COMMITMENTS

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

Fund	Fiscal Year-End Encumbrances
General	$ 9,093,035
Nonmajor governmental	13,239,287
Total	$ 22,332,322

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS

The Educational Service Center Council of Governments (the "Council") is a legally separate body politic and corporate that meets the definition of regional council of governments under Chapter 167 of the Ohio Revised Code. The Council is governed effective January 22, 2019 by a Governing Board consisting of one member designated by each of Gahanna-Jefferson Public School District, Groveport Madison Local District, Delaware City School District and two members designated by the Educational Service Center of Central Ohio (the "Center"). The Council provides employment services primarily to the Center.

Other School Districts, community schools and other political subdivisions that have entered into service agreements with the Council shall automatically be members of the Council's Advisory Committee during the terms of such agreements. The Treasurer of the Center is also the Treasurer of the Council. Due to the nature and significance of the Council's relationship with the Center, the Council has been determined to be a discretely presented component unit and has been included as part of the Center's basic financial statements.

The Council participates in a public entity shared risk pool to provide health and dental benefits to its employees. See Note 16.J for additional detail.

A. Summary of Significant Accounting Policies

Accounting Basis - The basic financial statements of the Council 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. Following are the more significant of the Council's accounting policies.

Basis of Presentation **-** The Council's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, a statement of fiduciary net position, and a statement of changes in fiduciary net position. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. This includes all non-fiduciary activity for the Council.

The Council maintains a custodial fund which is used to accounts for resources held on behalf of other organizations. These activities are reported in separate statements of fiduciary net position and changes in fiduciary net position.

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

***Measurement Focus* -** The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting and fiduciary fund accounting use a "flow of economic resources" measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position.

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Council's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Council receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted and all eligibility requirements have been met; eligibility requirements include matching requirements, in which the Council must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Council on a reimbursement basis. Expenses are recognized at the time they are incurred.

***Budgetary Process* -** Regional Councils of Government are not subject to budgetary provisions set forth in the Ohio Revised Code Chapter 5705.

Cash, Cash Equivalents and Investments - Cash held by the Council is reflected as "cash and cash and equivalents" on the statement of net position. All monies received by the Council are maintained in demand deposit accounts or used to purchase investments. For internal accounting purposes, the Council segregates its cash. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months are reported as investments.

Investments are reported at fair value, except for non-negotiable certificates of deposit, which are reported at cost. The Council's investments in fiscal year 2023 consisted of U.S. Treasury Bonds and U.S. Government obligations.

***Capital Assets* -** The Council maintains no capital assets.

***Net Position* -** Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Council did not have any restricted net position at fiscal year-end.

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

***Compensated Absences* -** Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Council will compensate the employees for the benefits through paid time off or some other means. The Council records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Council has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the Council's termination policy. The Council records a liability for accumulated unused sick leave for all employees age 52 years and older.

***Accrued Liabilities and Long-Term Obligations* -** All payables, accrued liabilities and long-term obligations are reported in the financial statements.

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

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

Operating Revenues and Expenses - Operating revenues are those revenues that are generally directly from the primary activities of the Council. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Council. All revenues and expenses not meeting this definition are reported as non-operating.

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 Governing Board and that are either unusual in nature or infrequent in occurrence. The Council had no extraordinary or special items during fiscal year 2023.

Pensions/Other Postemployment Benefits (OPEB) - For purposes of measuring the net pension/OPEB liability, 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 plan. 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 plans report investments at fair value.

Fair Value - The Council 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.

B. Change in Accounting Principles

For fiscal year 2023, the Council 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 Council.

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 Council.

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

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. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Council.

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 Council.

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 Council.

C. Deposits and Investments

At June 30, 2023, the carrying amount of all Council deposits was $4,115,955 and the bank balance of all Council deposits was $4,128,625. Of the bank balance, $250,000 was covered by the FDIC and $4,319,927 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Council to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits may not be returned. The Council has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the Council 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 Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total 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 fiscal year 2023, the Council's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

Investments - As of June 30, 2023, the Council had the following investments and maturities:

		Investment Maturities	
Investment type	Fair Value	6 months or less	Percentage of Total
U.S. Treasury Bonds	$ 297,437	$ 297,437	41.30
U.S. Government Obligations	422,724	422,724	58.70
	$ 720,161	$ 720,161	100.00

The weighted average maturity of investments is approximately 28 days.

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

The Council's investments are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Council's investment policy places a five year limit on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Council's U.S. Government obligations were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Council's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Council's investments are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Council's name. The Council has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Council's investment policy places no limit on the percentage of the Council's portfolio that may be invested in any one issuer.

D. Receivables

Receivables at June 30, 2023 consist of amounts due from operations and accrued interest on investments. $1,136,451 is not expected to be collected within one year and is reported as a noncurrent asset on the statement of net position.

E. Long-Term Obligations

The following is a summary of the Council's long-term obligations activity in fiscal year 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated absences	$ 1,786,076	$ 1,363,208	$ (937,311)	$ 2,211,973	$ 1,060,338
Net pension liability	71,792,012	64,789,345	-	136,581,357	-
Net OPEB liability	17,515,731	-	(3,971,870)	13,543,861	-
Total	$ 91,093,819	$ 66,152,553	$ (4,909,181)	$ 152,337,191	$ 1,060,338

F. Contingencies

There are currently no matters in litigation with the Council as plaintiff or defendant.

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

G. Risk Management

General Risk - The Council is exposed to various risks of loss related to torts, theft or damage, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Council has addressed the various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of $15,000,000 per occurrence. Automobile liability is maintained in the amount of $15,000,000 per occurrence. Cyber security claims are insured in the amount of $5,000,000 policy aggregate, $1,000,000 insured member aggregate limit. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverage from the prior year.

Workers' Compensation - Workers' compensation coverage is provided by the State of Ohio. The Council pays the Bureau of Workers' Compensation a premium based on a rate per $100 of payroll. The rate is calculated based on accident history and administrative costs.

H. Defined Benefit Pension Plans

The Council participates in the same defined benefit pension plans as the Center; see Note 11 for more information on these plans.

The Council's contractually required contribution to SERS was $5,587,130 for fiscal year 2023. Of this amount, $353,329 is reported as a liability. The Council's contractually required contribution to STRS was $8,269,905 for fiscal year 2023. Of this amount, $605,340 is reported as a liability.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.89956440%	0.30190051%	
Proportion of the net pension liability current measurement date	0.94783530%	0.38378123%	
Change in proportionate share	0.04827090%	0.08188072%	
Proportionate share of the net pension liability	$ 51,266,305	$ 85,315,052	$ 136,581,357
Pension expense	$ 3,526,993	$ 15,756,514	$ 19,283,507

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

At June 30, 2023, the Council 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	$ 2,076,327	$ 1,092,144	$ 3,168,471
Net difference between projected and actual earnings on pension plan investments	-	2,968,777	2,968,777
Changes of assumptions	505,854	10,209,648	10,715,502
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,678,053	15,218,196	16,896,249
Contributions subsequent to the measurement date	5,587,130	8,269,905	13,857,035
Total deferred outflows of resources	$ 9,847,364	$ 37,758,670	$ 47,606,034

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 336,551	$ 326,356	$ 662,907
Net difference between projected and actual earnings on pension plan investments	1,788,960	-	1,788,960
Changes of assumptions	-	7,684,930	7,684,930
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	463,456	-	463,456
Total deferred inflows of resources	$ 2,588,967	$ 8,011,286	$ 10,600,253

$13,857,035 reported as deferred outflows of resources related to pension resulting from Council 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	$ 600,339	$ 5,705,104	$ 6,305,443
2025	653,536	4,596,666	5,250,202
2026	(2,555,566)	2,523,380	(32,186)
2027	2,972,958	8,652,329	11,625,287
Total	$ 1,671,267	$ 21,477,479	$ 23,148,746

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (SERS) - 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
Council's proportionate share of the net pension liability	$ 75,461,554	$ 51,266,305	$ 30,882,137

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (STRS) - 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
Council's proportionate share of the net pension liability	$ 128,879,983	$ 85,315,052	$ 48,472,606

I. Defined Benefit OPEB Plans

The Council participates in the same defined benefit OPEB plans as the Center; see Note 12 for more information on these plans.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.92549390%	0.30190051%	
Proportion of the net OPEB liability/asset current measurement date	0.96465530%	0.38378123%	
Change in proportionate share	0.03916140%	0.08188072%	
Proportionate share of the net OPEB liability	$ 13,543,861	$ -	$ 13,543,861
Proportionate share of the net OPEB (asset)	$ -	$ (9,937,371)	$ (9,937,371)
OPEB expense	$ (95,858)	$ (1,601,588)	$ (1,697,446)

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

At June 30, 2023, the Council 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	$ 113,856	$ 144,061	$ 257,917
Net difference between projected and actual earnings on OPEB plan investments	70,394	172,987	243,381
Changes of assumptions	2,154,325	423,297	2,577,622
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	2,835,606	297,198	3,132,804
Contributions subsequent to the measurement date	734,977	-	734,977
Total deferred outflows of resources	$ 5,909,158	$ 1,037,543	$ 6,946,701

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 8,663,649	$ 1,492,411	$ 10,156,060
Changes of assumptions	5,559,853	7,046,563	12,606,416
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	517,919	64,215	582,134
Total deferred inflows of resources	$ 14,741,421	$ 8,603,189	$ 23,344,610

$734,977 reported as deferred outflows of resources related to OPEB resulting from Council 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.

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	$ (1,894,622)	$ (2,090,029)	$ (3,984,651)
2025	(1,975,056)	(2,184,369)	(4,159,425)
2026	(1,938,856)	(1,057,490)	(2,996,346)
2027	(1,416,293)	(450,974)	(1,867,267)
2028	(976,177)	(588,197)	(1,564,374)
Thereafter	(1,366,236)	(1,194,587)	(2,560,823)
Total	$ (9,567,240)	$ (7,565,646)	$ (17,132,886)

NOTE 16 - EDUCATIONAL SERVICE CENTER COUNCIL OF GOVERNMENTS - (Continued)

Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates (SERS) - 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%).

	1% Decrease	Current Discount Rate	1% Increase
Council's proportionate share of the net OPEB liability	$ 16,821,680	$ 13,543,861	$ 10,897,771

	1% Decrease	Current Trend Rate	1% Increase
Council's proportionate share of the net OPEB liability	$ 10,444,747	$ 13,543,861	$ 17,591,805

Sensitivity of the Council's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate (STRS) - 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.

	1% Decrease	Current Discount Rate	1% Increase
Council's proportionate share of the net OPEB asset	$ 9,202,191	$ 9,937,371	$ 10,580,269

	1% Decrease	Current Trend Rate	1% Increase
Council's proportionate share of the net OPEB asset	$ 10,307,473	$ 9,937,371	$ 9,470,212

J. Public Entity Shared Risk Pool

The Council is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts and other entities whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. Members pay monthly premiums to the Consortium based on the benefits structure selected and the risk of loss transfers to the Consortium upon payment of these premiums. The Consortium’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Todd Rosenbaum, Mountjoy Chilton Medley LLP, 201 East 5th Street, Suite 2100, Cincinnati, Ohio 45202.

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REQUIRED SUPPLEMENTARY INFORMATION

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	0.15606120%	0.16182260%	0.15796790%	0.16089270%
Center's proportionate share of the net pension liability	$ 8,441,004	$ 5,970,785	$ 10,448,330	$ 9,626,492
Center's covered payroll	$ 5,909,057	$ 5,508,700	$ 5,539,086	$ 5,501,630
Center's proportionate share of the net pension liability as a percentage of its covered payroll	142.85%	108.39%	188.63%	174.98%
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
0.16511640%	0.17405680%	0.19317510%	0.20487570%	0.23788900%	0.23788900%
$ 9,456,522	$ 10,399,509	$ 14,138,635	$ 11,690,406	$ 12,039,427	$ 14,146,495
$ 5,628,904	$ 5,646,993	$ 6,078,200	$ 6,167,830	$ 6,912,590	$ 7,826,640
168.00%	184.16%	232.61%	189.54%	174.17%	180.75%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	0.19400377%	0.19248709%	0.18081766%	0.16422679%
Center's proportionate share of the net pension liability	$ 43,127,283	$ 24,611,205	$ 43,751,440	$ 36,317,768
Center's covered payroll	$ 25,339,964	$ 24,296,700	$ 22,185,621	$ 19,532,650
Center's proportionate share of the net pension liability as a percentage of its covered payroll	170.19%	101.29%	197.21%	185.93%
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
0.15900265%	0.16419262%	0.16685371%	0.17542981%	0.16548631%	0.16548631%
$ 34,961,113	$ 39,004,309	$ 55,850,966	$ 48,483,668	$ 40,251,998	$ 47,947,916
$ 18,545,257	$ 18,018,229	$ 17,577,250	$ 18,576,157	$ 16,908,131	$ 17,757,077
188.52%	216.47%	317.75%	261.00%	238.06%	270.02%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	$ 866,307	$ 827,268	$ 771,218	$ 775,472
Contributions in relation to the contractually required contribution	(866,307)	(827,268)	(771,218)	(775,472)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 6,187,907	$ 5,909,057	$ 5,508,700	$ 5,539,086
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
$ 742,720	$ 759,902	$ 790,579	$ 850,948	$ 812,920	$ 958,085
(742,720)	(759,902)	(790,579)	(850,948)	(812,920)	(958,085)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,501,630	$ 5,628,904	$ 5,646,993	$ 6,078,200	$ 6,167,830	$ 6,912,590
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	$ 3,664,497	$ 3,547,595	$ 3,401,538	$ 3,105,987
Contributions in relation to the contractually required contribution	(3,664,497)	(3,547,595)	(3,401,538)	(3,105,987)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 26,174,979	$ 25,339,964	$ 24,296,700	$ 22,185,621
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	
$	2,734,571	$	2,596,336	$	2,522,552	$	2,460,815	$	2,600,662	$	2,198,057
	(2,734,571)		(2,596,336)		(2,522,552)		(2,460,815)		(2,600,662)		(2,198,057)
$	-	$	-	$	-	$	-	$	-	$	-
$	19,532,650	$	18,545,257	$	18,018,229	$	17,577,250	$	18,576,157	$	16,908,131
	14.00%		14.00%		14.00%		14.00%		14.00%		13.00%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	0.14527520%	0.15051920%	0.14874510%	0.15106270%
Center's proportionate share of the net OPEB liability	$ 2,039,679	$ 2,848,699	$ 3,232,718	$ 3,798,909
Center's covered payroll	$ 5,909,057	$ 5,508,700	$ 5,539,086	$ 5,501,630
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.52%	51.71%	58.36%	69.05%
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
	0.15741410%		0.16353190%		0.18184008%
$	4,367,092	$	4,388,767	$	5,183,115
$	5,628,904	$	5,646,993	$	6,078,200
	77.58%		77.72%		85.27%
	13.57%		12.46%		11.49%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	0.19400377%	0.19248709%	0.18081766%	0.16422679%
Center's proportionate share of the net OPEB liability/(asset)	$ (5,023,402)	$ (4,058,433)	$ (3,177,869)	$ (2,719,989)
Center's covered payroll	$ 25,339,964	$ 24,296,700	$ 22,185,621	$ 19,532,650
Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.82%	16.70%	14.32%	13.93%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

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	
	0.15900265%		0.16419262%		0.16685371%
$	(2,555,010)	$	6,406,190	$	8,923,380
$	18,545,257	$	18,018,229	$	17,577,250
	13.78%		35.55%		50.77%
	176.00%		47.10%		37.30%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	$ 28,250	$ 21,739	$ 21,246	$ 23,769
Contributions in relation to the contractually required contribution	(28,250)	(21,739)	(21,246)	(23,769)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 6,187,907	$ 5,909,057	$ 5,508,700	$ 5,539,086
Contributions as a percentage of covered payroll	0.46%	0.37%	0.39%	0.43%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	54,941	$	68,347	$	28,555	$	32,219	$	69,724	$	148,575
	(54,941)		(68,347)		(28,555)		(32,219)		(69,724)		(148,575)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,501,630	$	5,628,904	$	5,646,993	$	6,078,200	$	6,167,830	$	6,912,590
	1.00%		1.21%		0.51%		0.53%		1.13%		2.15%

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN 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	$ 26,174,979	$ 25,339,964	$ 24,296,700	$ 22,185,621
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	
$	-	$	-	$	-	$	-	$	-	$	170,750
	-		-		-		-		-		(170,750)
$	-	$	-	$	-	$	-	$	-	$	-
$	19,532,650	$	18,545,257	$	18,018,229	$	17,577,250	$	18,576,157	$	16,908,131
	0.00%		0.00%		0.00%		0.00%		0.00%		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 7.00%.

- 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)

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)

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)

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 CENTRAL OHIO
FRANKLIN COUNTY
SCHEDULE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass Through Grantor Program Title	Federal AL Number	Pass Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct:			
Rehabilitation Services Demonstration and Training Programs	**84.235E**	H235E190004	96,570
Total Rehabilitation Services Demonstration and Training Programs			96,570
Passed Through the Ohio Department of Education:			
Special Education - Grants to States	**84.027A**	NA	1,692,942
Special Education - Preschool Grants	**84.173A**	NA	180,259
Total Special Education Cluster			1,873,201
English Language Acquisition State Grants	**84.365A**	NA	142,580
Total English Language Acquisition State Grants			142,580
Title 1 Grants to Local Educational Agencies	**84.010A**	NA	200,216
Total Title 1 Grants to Local Educational Agencies			200,216
Improving Teacher Quality State Grants	**84.367A**	NA	5,758
Total Improving Teacher Quality State Grants			5,758
COVID-19 Governors Emergency Education Relief Fund (GEER)	**84.425C**	NA	2,265,427
Total GEER			2,265,427
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	**84.425D**	NA	1,458,499
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	**84.425U**	NA	912,902
Total ESSER			2,371,401
Total COVID-19 Education Stabilization Fund			4,636,828
Total Passed Through the Ohio Department of Education			6,858,583
TOTAL U.S. DEPARTMENT OF EDUCATION			**6,955,153**
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed Through Ohio Commission on Service and Volunteerism:			
AmeriCorps	**94.006**	NA	493,975
Total Passed through Ohio Commission on Service and Volunteerism			493,975
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			**493,975**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Ohio Department of Job & Family Services:			
Promoting Safe and Stable Families	**93.556**	2101OHFPSS	144,411
Refugee and Entrant Assistance - State Administered Programs	**93.566**	2101OHRSSS	75,482
Refugee and Entrant Assistance - State Administered Programs	**93.566**	2022G992210	121,032
Refugee and Entrant Assistance - State Administered Programs	**93.566**	2201OHRSSS	148,815
Stephanie Tubbs Jones Child Welfare Service Program	**93.645**	2101OHCWSS	36,383
Child Abuse and Neglect State Grants	**93.669**	1801OHNCAN	66,406
Total Passed through the Ohio Department of Job & Family Services			592,530
Passed through the Franklin County Public Health Board:			
Injury Prevention and Control Research and State and Community Based Programs	**93.136**	NA	61,518
Injury Prevention and Control Research and State and Community Based Programs	**93.136**	CDC-RFA-CE19-1904	34,817
Total Passed through the Franklin County Public Health Board			96,335
Passed through the Franklin County Department of Job & Family Services:			
Temporary Assistance for Needy Families - Building Better Lives	**93.558**	2001OHTANF	895,592
Total Passed through the Franklin County Department of Job & Family Services			895,592
Passed through the Ohio Department of Developmental Disabilities:			
Special Education - Grants for Infants and Families (Early Intervention, Part C)	**84.181**	H181A200024	1,133,099
Special Education - Grants for Infants and Families (Early Intervention, Part C)	**84.181**	H181X210024	424,874
Total Passed through the Ohio Department of Developmental Disabilities:			1,557,973
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			**3,142,430**
U.S. DEPARTMENT OF JUSTICE			
Passed through the City of Columbus			
Comprehensive Opioid Abuse Site-Based Program	**16.838**	2020ARBX0133	137,120
Total Passed through the City of Columbus			137,120
TOTAL U.S. DEPARTMENT OF JUSTICE			**137,120**
TOTALS			**$ 10,728,677**

The accompanying notes to this schedule are an integral part of this schedule.

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO
FRANKLIN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2CFR 200.510(b)(6)
FOR THE 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 Central Ohio (the Center's) 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, changes in net position, or cash flows 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 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 not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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 Central Ohio
Franklin County
2080 Citygate Drive
Columbus, Ohio 43219

To the Center 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, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Educational Service Center of Central Ohio, Franklin County, (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 March 22, 2024.

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

March 22, 2024

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Educational Service Center of Central Ohio
Franklin County
2080 Citygate Drive
Columbus, Ohio 43219

To the Center Governing Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Educational Service Center of Central Ohio's, Franklin County, (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 each of the Educational Service Center of Central Ohio's major federal programs for the year ended June 30, 2023. The Educational Service Center of Central Ohio's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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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):**	AL # 84.425 Education Stabilization Fund (GEER/ESSER) AL # 84.027 / 84.173 – Special Education Cluster
(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 Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

4. OTHER – FINDINGS FOR RECOVERY

None Noted

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OHIO AUDITOR OF STATE
KEITH FABER

EDUCATIONAL SERVICE CENTER OF CENTRAL OHIO

FRANKLIN 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 3/28/2024

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