HAMILTON COUNTY
EDUCATIONAL SERVICE CENTER
HAMILTON COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Julian & Grube
Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Education
Hamilton County Educational Service Center
11083 Hamilton Avenue
Cincinnati, Ohio 45231

We have reviewed the *Independent Auditor's Report* of the Hamilton County Educational Service Center, Hamilton County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2024

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HAMILTON COUNTY EDUCATIONAL SERVICE CENTER
HAMILTON COUNTY, OHIO

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Julian & Grube

333 County Line Road, West
Westerville, OH 43082
614-846-1899

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Independent Auditor's Report

Hamilton County Educational Service Center
Hamilton County
11083 Hamilton Avenue
Cincinnati, Ohio 45231

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton County Educational Service Center, Hamilton County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Hamilton County Educational Service Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton County Educational Service Center, as of June 30, 2023, and the respective changes in financial position, thereof and the for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Hamilton County Educational Service 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 Hamilton County Educational Service 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Hamilton County Educational Service 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 Hamilton County Educational Service 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 postemployment benefit assets and liabilities and pension and other postemployment benefit contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Hamilton County Educational Service Center’s basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying budgetary comparison schedules for the General Fund, the Head Start Fund, and the Other Grants Fund are presented for purposes of additional analysis and are 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 and the budgetary comparison schedules are 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 January 26, 2024 on our consideration of the Hamilton County Educational Service Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hamilton County Educational Service 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 Hamilton County Educational Service Center’s internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 26, 2024

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The discussion and analysis of Hamilton County Educational Service Center'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 notes to the basic financial statements to enhance their understanding of the Center's performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Net Position of governmental activities increased $8,940,007 which represents an 21% increase from 2022.

- General revenues accounted for $3,476,097 in revenue or 3% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $107,717,889 or 97% of total revenues of $111,193,986.

- The Center had $102,253,979 in expenses related to governmental activities; $107,717,889 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $3,476,097 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. Major funds include the General, Head Start, and Other Grants Funds.

Government-wide Financial Statements

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 Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows,* and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes 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 the net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial.

In the Government-wide Financial Statements, the Center presents:

- Governmental Activities – All of the Center's programs and services are reported here including instruction, support services, operation of non-instructional services, and interest and fiscal charges.

Fund Financial Statements

The analysis of the Center's major funds begins on the balance sheet. Fund financial statements 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 All of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 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 financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

The Center as a Whole

As stated previously, the Statement of Net Position looks at the Center as a whole. Table 1 provides a summary of the Center's net position for 2023 compared to 2022:

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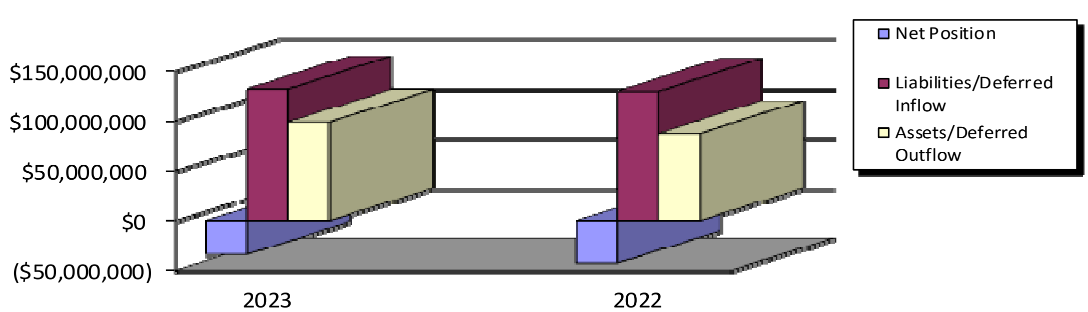
Table 1
Net Position

	Governmental Activities	
	2023	2022
Assets:		
Current and Other Assets	$47,086,510	$40,797,112
Capital Assets	13,886,620	12,450,929
Net OPEB Asset	8,122,364	6,006,009
Total Assets	69,095,494	59,254,050
Deferred Outflows of Resources:		
Pension	27,499,806	24,943,244
OPEB	2,438,241	3,545,084
Total Deferred Outflows of Resources	29,938,047	28,488,328
Liabilities:		
Other Liabilities	11,600,324	10,853,250
Long-Term Liabilities	100,016,651	68,040,781
Total Liabilities	111,616,975	78,894,031
Deferred Inflows of Resources:		
Pension	8,629,707	40,016,082
OPEB	12,252,056	11,237,469
Total Deferred Inflows of Resources	20,881,763	51,253,551
Net Position:		
Net Investment in Capital Assets	9,881,620	8,165,929
Restricted	9,428,024	1,738,688
Unrestricted	(52,774,841)	(52,309,821)
Total Net Position	($33,465,197)	($42,405,204)



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the Center's liabilities and deferred inflows exceeded assets and deferred outflows by $33,465,197.

At year-end, capital assets represented 20% of total assets. Capital assets include land, buildings and improvements, construction in progress, and equipment. Net investment in capital assets at June 30, 2022, was $9,881,620. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, $9,428,024 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased from 2022 to 2023 mainly due to a increase in cash and cash equivalents. Long-term liabilities increased mainly due a increase in the net pension liability.

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

Table 2
Changes in Net Position

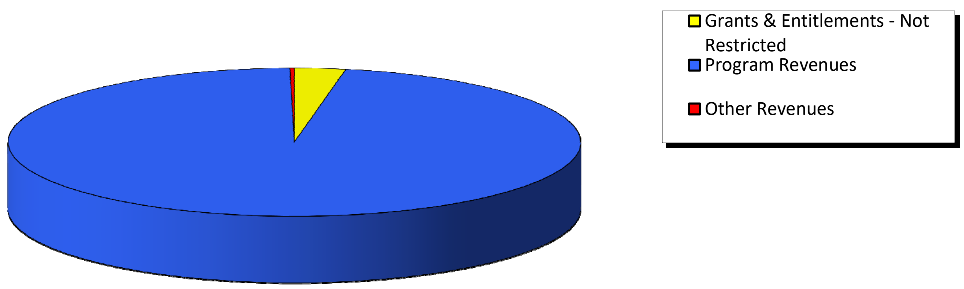
	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues		
Charges for Services	$90,198,132	$76,449,004
Operating Grants, Contributions	17,519,757	16,071,415
General Revenues:		
Grants and Entitlements	3,193,772	3,112,838
Other	282,325	186,233
Total Revenues	111,193,986	95,819,490
Expenses:		
Instruction	9,408,010	8,793,034
Support Services:		
Pupil and Instructional Staff	59,899,859	52,151,539
School Administrative, General Administration, Fiscal and Business	8,839,136	9,134,170
Operations and Maintenance	751,220	858,691
Central	2,796,655	1,437,314
Operation of Non-Instructional Services	20,380,425	19,659,714
Interest and Fiscal Charges	178,674	190,632
Total Expenses	102,253,979	92,225,094
Change in Net Position	8,940,007	3,594,396
Net Position - Beginning of Year	(42,405,204)	(45,999,600)
Net Position - End of Year	($33,465,197)	($42,405,204)

The Center's revenues are mainly from three sources, charges for services, operating grants, and grants and entitlements. Charges for services revenues are generated by providing services to member districts. The Center and a district enter into an agreement specifying the type and amount of service for a period of time, generally not exceeding a school year. Operating grant revenues are awarded to the Center by various state and federal agencies. Grants and entitlements revenues are given directly to the Center and are calculated based on the average daily membership of the districts.

The Center's revenues are demonstrated by the following graph:

Governmental Activities
Revenue Sources

	2023	Percentage
Grants & Entitlements - Not Restricted	$3,193,772	3%
Program Revenues	107,717,889	97%
Other Revenues	282,325	0%
Total Revenue Sources	$111,193,986	100%



Instruction comprises 9% of governmental program expenses. Support services expenses were 71% of governmental program expenses. All other expenses including interest expense and fiscal charges were 20%. Interest expense was attributable to the outstanding debt and borrowing for capital projects.

Grants and entitlements revenue increased slightly from 2022 mainly due to the increase of state funding the Center received in fiscal year 2023 compared to fiscal year 2022 along with charges for services and sales increased from 2022. Overall expenses for the current fiscal year increased when compared to 2022 primarily due to changes related to the net pension liability, other post employment benefits liability, and pupil and instructional staff.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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 entitlements.

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Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	$9,408,010	$8,793,034	$42,027	$375,260
Support Services:				
Pupil and Instructional Staff	59,899,859	52,151,539	1,791,595	335,517
School Administrative, General Administration, Fiscal and Business	8,839,136	9,134,170	1,773,357	431,255
Operations and Maintenance	751,220	858,691	545,734	(288,849)
Central	2,796,655	1,437,314	(67,058)	(15,738)
Operation of Non-Instructional Services	20,380,425	19,659,714	1,556,929	(351,488)
Interest and Fiscal Charges	178,674	190,632	(178,674)	(190,632)
Total Expenses	$102,253,979	$92,225,094	$5,463,910	$295,325

The Center's Major Funds

The Center has three major governmental funds: the General Fund, Head Start Fund, and Other Grant Funds. Assets of the General Fund comprised $37,198,890 (73%), Head Start comprised $800,764 (2%), and Other Grant Funds comprised $6,644,762 (13%) of the total $51,294,531 governmental fund assets.

General Fund: Fund balance at June 30, 2023 was $29,195,687, including $28,828,740 of unassigned balance. Fund balance increased $7,833,618 from 2022 to 2023. The fund balance increased mainly due to an increase in contract services when compared to the prior year.

Head Start Fund: Fund balance at June 30, 2023 was $8,463. The fund balance increased $845 from 2022 to 2023. The primary reason for the increase in fund balance was due to an increase in intergovernmental revenue when compared to the prior year.

Other Grant Funds: Fund balance at June 30, 2023 was $1,162,897. The fund balance decreased $314,197 from 2022 to 2023. The primary reason for the decrease in fund balance was due to the revenues being less than expenditures.

General Fund Budgeting Highlights

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.
The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the Center revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget final basis revenue was $75,191,897 compared to the original budget estimates of $60,472,223. Of the $14,719,674 difference, most was due to underestimates for charges for services for fiscal year 2023.

For the General Fund, budget final basis expenditures were $66,409,721, compared to the original budget estimates of $61,877,794. Of the $4,531,927 difference, most was due to overestimating instruction and support services expenditures for fiscal year 2023.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2023, the Center had $13,886,620 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal 2023 balances compared to 2022:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2023	2022
Land	$1,580,250	$1,398,750
Construction in Progress	72,593	0
Buildings and Improvements	11,297,151	9,986,660
Equipment	936,626	1,065,519
Total Net Capital Assets	$13,886,620	$12,450,929

Overall, capital assets increased due to depreciation expense and disposals being less than current asset additions.

See Note 5 to the Basic Financial Statements for further details on the Center's capital assets.

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Debt

At June 30, 2023, the Center had $4,005,000 in debt outstanding, $290,000 due within one year.

Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt, at Year-End

	Governmental Activities	
	2023	2022
HCESC Building Notes Payable	$4,005,000	$4,285,000

See Note 6 to the Basic Financial Statements for further details of the Center's long-term liabilities.

For the Future

As the preceding shows, the Center relies heavily on contracts with local, city, and exempted village school districts in Hamilton County, state foundation revenue and grants. Contracts with Hamilton County districts are expected to increase in future years due to additional service requests from districts. These contracts, along with the Center's cash balance will provide the Center with the necessary funds to meet its operating expenses in future years.

As of the time of this report, the Ohio Department of Education is researching a model for a regional delivery system and the implementation of such a system. This new Ohio Regional Delivery System will directly affect the Centers and the method to which they are funded. At this point, the Center is unable to determine what effect this legislation will have on future state funding and on its financial operations.

In May 2000, the Ohio Supreme Court again ruled the school funding system in Ohio is far too dependent on property taxes which are inherently not "equitable" nor "adequate." The court directed the Governor and the legislature to address the fundamental issues creating the inequities. Any change in the funding will indirectly affect the Center's since the districts are their main revenue stream. Currently, the Center is unable to determine the outcome of the Court's directive.

All of the Center's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the Center's finances, the Center's management is confident that the Center can continue to provide quality products and services to the districts in the future.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer/Chief Financial Officer at 11083 Hamilton Avenue, Cincinnati, Ohio 45231.

Hamilton County Educational Service Center
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$41,112,884
Receivables:	
Accounts	4,439,559
Interest	46,701
Intergovernmental	1,378,421
Prepaids	108,945
Nondepreciable Capital Assets	1,652,843
Depreciable Capital Assets, Net	12,233,777
Net OPEB Asset	8,122,364
Total Assets	69,095,494
Deferred Outflows of Resources:	
Pension	27,499,806
OPEB	2,438,241
Total Deferred Outflows of Resources	29,938,047
Liabilities:	
Accounts Payable	1,308,858
Accrued Wages and Benefits	8,693,365
Accrued Interest Payable	14,468
Unearned Revenue	1,583,633
Long-Term Liabilities:	
Due Within One Year	421,845
Due In More Than One Year	
Net Pension Liability	87,215,279
Net OPEB Liability	4,309,361
Other Amounts	8,070,166
Total Liabilities	111,616,975
Deferred Inflows of Resources:	
OPEB	12,252,056
Pension	8,629,707
Total Deferred Inflows of Resources	20,881,763
Net Position:	
Net Investment in Capital Assets	9,881,620
Restricted for:	
Other Federal Grants	142,989
Other Grants	1,162,671
Net OPEB Asset	8,122,364
Unrestricted	(52,774,841)
Total Net Position	($33,465,197)

See accompanying notes to the basic financial statements.

Hamilton County Educational Service Center
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
Governmental Activities:				
Instruction:				
Special	$9,408,010	$9,416,970	$33,067	$42,027
Support Services:				
Pupil	19,909,752	21,147,461	275,820	1,513,529
Instructional Staff	39,990,107	36,103,295	4,164,878	278,066
General Administration	82,883	49,356	0	(33,527)
School Administration	6,221,093	7,486,971	336,674	1,602,552
Fiscal	1,916,025	1,163,061	855,231	102,267
Business	619,135	721,200	0	102,065
Operations and Maintenance	751,220	1,015,793	281,161	545,734
Central	2,796,655	1,442,367	1,287,230	(67,058)
Operation of Non-Instructional Services	20,380,425	11,651,658	10,285,696	1,556,929
Interest and Fiscal Charges	178,674	0	0	(178,674)
Totals	$102,253,979	$90,198,132	$17,519,757	5,463,910

General Revenues:	
Grants and Entitlements, Not Restricted	3,193,772
Investment Earnings	54,340
Other Revenues	227,985
Total General Revenues	3,476,097
Change in Net Position	8,940,007
Net Position - Beginning of Year	(42,405,204)
Net Position - End of Year	($33,465,197)

See accompanying notes to the basic financial statements.

Hamilton County Educational Service Center
Balance Sheet
Governmental Funds
June 30, 2023

	General	Other Grant Funds	Head Start	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	$28,411,638	$6,644,690	$304,503	$5,752,053	$41,112,884
Receivables:					
Accounts	4,439,559	0	0	0	4,439,559
Interest	46,701	0	0	0	46,701
Intergovernmental	0	0	487,798	890,623	1,378,421
Interfund	4,208,021	0	0	0	4,208,021
Prepaids	92,971	72	8,463	7,439	108,945
Total Assets	37,198,890	6,644,762	800,764	6,650,115	51,294,531
Liabilities:					
Accounts Payable	87,828	1,181,566	28,473	10,991	1,308,858
Accrued Wages and Benefits	7,418,708	5,785	675,355	593,517	8,693,365
Compensated Absences	122,256	0	9,589	0	131,845
Interfund Payable	0	2,710,881	78,884	1,418,256	4,208,021
Unearned Revenue	0	1,583,633	0	0	1,583,633
Total Liabilities	7,628,792	5,481,865	792,301	2,022,764	15,925,722
Deferred Inflows of Resources:					
Grants	0	0	0	96,468	96,468
Unavailable Revenue	362,370	0	0	0	362,370
Investment Earnings	12,041	0	0	0	12,041
Total Deferred Inflows of Resources	374,411	0	0	96,468	470,879
Fund Balances:					
Nonspendable	92,971	72	8,463	7,439	108,945
Restricted	0	1,162,825	0	143,355	1,306,180
Assigned	273,976	0	0	4,476,582	4,750,558
Unassigned	28,828,740	0	0	(96,493)	28,732,247
Total Fund Balances	29,195,687	1,162,897	8,463	4,530,883	34,897,930
Total Liabilities, Deferred Inflows and Fund Balances	$37,198,890	$6,644,762	$800,764	$6,650,115	$51,294,531

See accompanying notes to the basic financial statements

Hamilton County Educational Service Center
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$34,897,930
Amounts reported for governmental activities in 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.		
Capital assets used in the operation of Governmental Funds		13,886,620
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Accounts Receivable	362,370	
Interest	12,041	
Intergovernmental	96,468	
		470,879
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(14,468)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(4,355,166)
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	27,499,806	
Deferred inflows of resources related to pensions	(8,629,707)	
Deferred outflows of resources related to OPEB	2,438,241	
Deferred inflows of resources related to OPEB	(12,252,056)	
		9,056,284
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	8,122,364	
Net Pension Liability	(87,215,279)	
Net OPEB Liability	(4,309,361)	
Other Amounts	(4,005,000)	
		(87,407,276)
Net Position of Governmental Activities		($33,465,197)

See accompanying notes to the basic financial statements.

Hamilton County Educational Service Center
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Other Grant Funds	Head Start	Other Governmental Funds	Total Governmental Funds
Revenues:					
Tuition and Fees	$724,178	$0	$0	$0	$724,178
Investment Earnings	49,627	0	0	0	49,627
Intergovernmental	3,193,772	98,858	11,013,012	6,780,810	21,086,452
Contract Services	69,781,655	20,523,756	0	0	90,305,411
Other Revenues	203,593	22,794	0	0	226,387
Total Revenues	73,952,825	20,645,408	11,013,012	6,780,810	112,392,055
Expenditures:					
Current:					
Instruction:					
Special	8,990,831	0	0	60,944	9,051,775
Support Services:					
Pupil	20,115,778	0	0	267,232	20,383,010
Instructional Staff	15,995,343	20,628,490	0	4,351,049	40,974,882
General Administration	46,747	0	0	0	46,747
School Administration	5,750,478	288,685	252,660	60,000	6,351,823
Fiscal	1,076,595	40,146	503,050	332,738	1,952,529
Business	645,329	0	0	0	645,329
Operations and Maintenance	525,044	0	0	268,078	793,122
Central	1,381,097	0	0	1,332,114	2,713,211
Operation of Non-Instructional Services	11,132,279	2,284	10,256,457	43,025	21,434,045
Capital Outlay	0	0	0	825,000	825,000
Debt Service:					
Principal Retirement	280,000	0	0	0	280,000
Interest and Fiscal Charges	179,686	0	0	0	179,686
Total Expenditures	66,119,207	20,959,605	11,012,167	7,540,180	105,631,159
Net Change in Fund Balance	7,833,618	(314,197)	845	(759,370)	6,760,896
Fund Balance - Beginning of Year	21,362,069	1,477,094	7,618	5,290,253	28,137,034
Fund Balance - End of Year	$29,195,687	$1,162,897	$8,463	$4,530,883	$34,897,930

See accompanying notes to the basic financial statements.

Hamilton County Educational Service Center
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balance - Total Governmental Funds		$6,760,896
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	2,402,131	
Depreciation Expense	(527,044)	
		1,875,087
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		(439,396)
Governmental funds report Center pension and OPEB contributions as expenditures. However in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions are reported as pension and OPEB expense.		
Center pension contributions	7,944,125	
Cost of benefits earned net of employee contributions - Pension	(9,268,295)	
Center OPEB contributions	67,080	
Cost of benefits earned net of employee contributions - OPEB	3,063,551	
		1,806,461
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Accounts	(829,859)	
Interest	4,713	
Intergovernmental	(372,923)	
		(1,198,069)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		280,000
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		1,012
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		(145,984)
Change in Net Position of Governmental Activities		$8,940,007

See accompanying notes to the basic financial statements.

Hamilton County Educational Service Center
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
Assets:	
Equity in Pooled Cash and Investments	$4,522,070
Receivables:	
Accounts	180,922
Total Assets	4,702,992
Liabilities:	
Accounts Payable	2,416,227
Accrued Wages and Benefits	19,002
Total Liabilities	2,435,229
Net Position:	
Restricted for Individuals, Organizations, and Other Governments	2,267,763
Total Net Position	$2,267,763

See accompanying notes to the basic financial statements.

Hamilton County Educational Service Center
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Custodial Funds
Additions:	
Contract Services	$30,259,882
Other	39,716
Total Additions	30,299,598
Deductions:	
Central	9,544,789
Business	1,696,403
Fiscal	18,388,370
Total Deductions	29,629,562
Change in Net Position	670,036
Net Position - Beginning of Year	1,597,727
Net Position - End of Year	$2,267,763

See accompanying notes to the basic financial statements.

Note 1 - Description of the Center

The Hamilton County Educational Service Center (the "Center") serves the territories contained within the territorial limits of the local school districts that are not otherwise classified as city or exempted village school districts in Hamilton County, Ohio. The local districts consist of Finneytown whose territories consist of Springfield Township and a portion of the City of Cincinnati; Forest Hills consisting of Anderson Township including the Village of Newtown; Northwest consisting of all or parts of Colerain, Green and Springfield Townships, and portions of the Cities of Forest Park and North College Hill, and as well, a small portion of Fairfield Township in Butler County; Oak Hills which consists of all or parts of Delhi and Green Townships and a portion of the City of Cincinnati; Southwest which consists of Crosby, Harrison and Whitewater Townships including the City of Harrison, and as well, a small portion of Morgan Township in Butler county; Three Rivers consisting of Miami Township including the Villages of Addyston, Cleves and North Bend; and, Lockland consisting of the Villages of Arlington Heights and Lockland.

The Center's Governing Board is comprised of five members who are resident electors of the Member School District. At the time of election or appointment, every effort is made to broadly represent the electorate of the school system. Historically, five of the seven local districts on a rotational basis have been represented on the Board. Frequently the Board communicates with members of the local-district boards to learn of their wishes regarding development of policy, services that are consistent with trends, and program developments related to the vocational joint venture for which the five board members serve as representative delegates. The Board has consistently been a participating member of the Ohio School Boards Association to which several members provide leadership.

In addition to the seven local districts in Hamilton County, city districts, namely, Cincinnati, Deer Park, Winton Woods, Loveland, Madeira, Mariemont, Mt. Healthy, North College Hill, Norwood, Princeton, Reading Community, St. Bernard-Elmwood Place, Sycamore Community, Wyoming, Mason and the Exempted Village District of Indian Hill as well as the Great Oaks Career Campuses have one or another types of cooperative service agreements with the Center.

The Office of the Board is regularly referred to as the Center which is housed in a separate, modern facility in a complex known as Civic Center North. The Center serves as the central office for the Hamilton County Educational Service Center Superintendent of Schools and has a staff of approximately 794 certificated and non-certificated support employees.

Reporting Entity

For financial reporting purposes the Center's financial statements include all funds of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. Potential component units were also considered for inclusion in the financial report. Component units are legally separate organizations for which the elected officials of a primary government are financially accountable. The Center would consider an organization to be a component unit if:

1. The Center appointed a voting majority of the organization's governing body and (a) was able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial burdens on the Center; or

2. The organization was fiscally dependent upon the Center; or

3. The nature of the relationship between the Center and the organization was such that the exclusion from the financial reporting entity would render the financial statements of the Center misleading.

The Center included no component units in the financial report.

The Center provides fiscal agent services to the Hamilton Clermont Cooperative Information Technology Center (HCC) formerly known as HCCA, Unified Purchasing Cooperative and the Health Consortium. HCC and the Unified Purchasing Cooperative are both considered jointly governed organizations (see Note 14 for further detail). The Center participates in the Center for Collaborative Solutions, a regional council of governments, and the Greater Cincinnati Insurance Consortium, a group insurance consortium, which are both considered jointly governed organizations as disclosed in Note 14. HCC is one of 23 regional Information Technology Centers (ITC) established by the State of Ohio. HCC is a member of the Ohio Educational Computer Network. HCC provides data and Internet services for public and non-public schools in the Greater Cincinnati Metropolitan Area. This includes collection and distribution of data for financial, student and media services. HCC also provides technical and networking service to affiliate schools.

The Site Director and his staff manage the day-to-day affairs of HCC. A Board of Directors, composed of member school's superintendents, approves the long term path for the site, as determined by the Site Director and an Executive Committee composed of five superintendents and two treasurers from member schools.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Center have been prepared in conformity with generally accepted accounting principles (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 most significant of the Center's accounting policies are described below.

Measurement Focus

Government-wide Financial Statements

The Center's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Center are included on the statement of net position. Fiduciary Funds are not included in government-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues 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 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 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, with certain limited exceptions. 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

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

Fund Accounting

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

Governmental Funds

Governmental funds focus 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 and deferred outflows, and liabilities and deferred inflows is reported as fund balance. The following are the Center's major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for 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.

Head Start Fund – The Head Start fund is used to account for all financial resources that are associated with the head start program.

Other Grant Funds – A fund used to account for the proceeds of specific revenue sources, except for State and Federal grants that are legally restricted to expenditures for specified purposes.

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 distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center has custodial funds for the HCC, Health Consortium, and Unified Purchasing Cooperative.

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. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, included 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 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 year end: contract services, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes 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. For the Center, deferred outflows of resources includes pension and other post employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position 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 grants, investment earnings, pension, OPEB, and unavailable revenues. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows related to pension and OPEB are reported on the governmental-wide statement of net position. See Notes 7 and 8 for more pension and OPEB related information.

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. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

Investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Center has, by resolution, specified the funds to receive an allocation of interest earnings.

For presentation on the financial statements, all investments and deposits are reported as “Equity in Pooled Cash and Investments”.

During the fiscal year, the Center held donated stock which is held at fair value. The fair value is based on quoted market prices.

Inventory

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis and is expended/expensed when used. Inventory in governmental funds consists of expendable supplies held for consumption. The Center had no inventory at June 30, 2023.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

General capital 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 fiscal year. Donated capital assets are recorded at their acquisition value 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 are depreciated except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	10 - 50 years
Equipment	5 - 20 years

Compensated Absences

The Center reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

Compensated absences are recognized in governmental fund financial statements, when they are due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The Center's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

Vacation	**Certified**	**Administrators** (261 day employees only)	**Non-Certificated** (261 day employees only)
Earned Monthly	Not Eligible	10-20 days depending on length of contract	10-20 days for each service year depending on length of service
Maximum Accumulation	N/A	3 days paid at end of each school year at current Daily Rate	3 days paid at end of each school year at current Daily Rate
Vested	N/A	As Earned	As Earned
Term	N/A	100% of Daily Rate of Accum.Vac.	100% of Daily Rate of Accum. Vac.
Sick Leave	**Certified**	**Administrators**	**Non-Certificated**
Earned	1 1/4 days	1 1/4 days	1 1/4days per/month

Monthly	per month of employment (15 days per year)	per month of employment (15 days per year)	of employment (15 days per year)
Maximum Accumulation	250	250	250
Vested	As Earned	As Earned	As Earned
Termination Entitlement At Retirement	25% of Accum. unused sick leave max 62.5 days X current daily rate.	25% of Accum. unused sick leave max 62.5 days X current daily rate.	25% of Accum. unused sick leave max 62.5 days X current daily rate.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation less outstanding debt used to acquire capital assets. Net position is reported as restricted when there are limitations imposed on their 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 are available. Of the Center's $9,428,024 in restricted net position, none was restricted by enabling legislation.

Interfund Activity

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the Statement of Net Position.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting,* the Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Governing Board. Formal action by the Board of Education is needed to commit or rescind resources.

Assigned – resources that are intended to be used for specific purposes as approved through the Center’s formal purchasing procedures by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenditures for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note 3 - Equity in Pooled Cash and Investments

The Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the Center into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the Center. Such monies must by law be maintained either as cash in the Center treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies held by the Center can 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 the market 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 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 (STAR Ohio).

8. Certain bankers' acceptances 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 Center's 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 Center, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, $12,044,441 of the Center's bank balance of $12,294,441 was exposed to custodial credit risk because it was uninsured and collateralized.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Stocks*	$146,528	Level 1	0.00
Money Market Funds	386,152	N/A	0.00
STAROhio	23,052,253	N/A	0.11
US Government Agency Notes	4,452,920	Level 2	1.43
Commercial Paper	1,634,120	Level 2	0.32
Negotiable CDs	3,589,024	Level 2	2.76
U.S. Treasury Notes	947,035	Level 1	0.88
	$34,208,032		
Portfolio Weighted Average Maturity			0.59

*The amount of $146,528 was donated stock by a private individual.

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. The above table identifies the Center's recurring fair value measurements as of June 30, 2023. All investments of the Center are valued using quoted market prices.

Interest Rate Risk - In accordance with the investment policy, the Center manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the Center's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The Center's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and Federal National Mortgage Association were rated AA+ by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. U.S. Treasury Notes, Money Markets, and Negotiable CD's are not rated.

Concentration of Credit Risk – The Center places no limit on the amount it may invest in any one issuer. 1% of the Center's investments at fiscal year end were in Stocks, 1% in Money Market Funds, 13% in US Government Agency Notes, 67% in STAROhio, 5% in Commercial Paper, 10% in Negotiable CDs, and 3% in U.S. Treasury Notes.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Center's securities are either insured and registered in the name of the Center or at least registered in the name of the Center.

Note 4 – Receivables

Receivables at June 30, 2023, consisted of accounts, interest, intergovernmental grants, and interfund. All receivables are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of federal funds.

Note 5 - Capital Assets

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

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	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$1,398,750	$181,500	$0	$1,580,250
Construction in Progress	0	72,593	0	72,593
Capital Assets, Being Depreciated				
Buildings and Improvements	10,864,477	1,708,136	2,999	12,569,614
Equipment	3,147,928	439,902	1,094,800	2,493,030
Totals at Historical Cost	15,411,155	2,402,131	1,097,799	16,715,487
Less Accumulated Depreciation:				
Buildings and Improvements	877,817	396,970	2,324	1,272,463
Equipment	2,082,409	130,074	656,079	1,556,404
Total Accumulated Depreciation	2,960,226	527,044	658,403	2,828,867
Governmental Activities Capital Assets, Net	$12,450,929	$1,875,087	$439,396	$13,886,620

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Special	$138,447
Support Services:	
Instructional Staff	106,460
General Administration	43,750
School Administration	49,555
Business	4,635
Operations and Maintenance	83,302
Operation of Non-Instructional Services	100,895
Total Depreciation Expense	$527,044

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Note 6 - Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance		Due In One Year
Governmental Activities:						
Notes Payable	$4,285,000	$0	$280,000	$4,005,000		$290,000
Compensated Absences	4,362,542	329,907	205,438	4,487,011		131,845
Subtotal Notes and Other Amounts	8,647,542	329,907	485,438	8,492,011		421,845
Net Pension Liability:	51,948,172	35,267,107	0	87,215,279		0
Net OPEB Liability:	7,445,067	0	3,135,706	4,309,361	(a)	0
Total Long-Term Obligations	$68,040,781	$35,597,014	$3,621,144	$100,016,651		$421,845

(a) OPEB for STRS has a Net OPEB asset in the amount of $8,122,364 as of June 30, 2023.

Compensated Absences will be paid from the fund from which the person is paid. The notes will be paid from the general fund.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

The Center entered into a debt agreement in fiscal year 2019 for construction of a building addition, locking in the rate at 4.335%. The following is a schedule of the future long-term minimum note payments required under the notes as of June 30, 2023.

General Obligation Notes

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$290,000	$167,331	$457,331
2025	305,000	154,435	459,435
2026	320,000	140,888	460,888
2027	330,000	126,799	456,799
2028	345,000	112,168	457,168
2029-2033	1,970,000	317,538	2,287,538
2034	445,000	9,645	454,645
Total	$4,005,000	$1,028,804	$5,033,804

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Note 7 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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 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.

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 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description
Center 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, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS'

fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or 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 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023.

Funding Policy
Plan members are required to contribute 10.0% of their annual covered salary and the Center is required to contribute 14.0% 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 10.0% for plan members and 14.0% 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 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was $1,681,145 for fiscal year 2023. Of this amount $0 is reported as accrued wages and benefits. Of the total contribution to SERS, $1,437,043 represents the ESC share (85.48 percent) and $244,102 represents the HCC share (14.52 percent).

Plan Description - State Teachers Retirement System (STRS)

Plan Description
Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report

that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0.0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3.0% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% 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, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the 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 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was $6,507,082 for fiscal year 2023. Of this amount $926,458 is reported as accrued wages and benefits.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$17,482,560	$69,732,720	$87,215,279
Proportion of the Net Pension Liability:			
Current Measurement Date	0.37813020%	0.31368567%	
Prior Measurement Date	0.42080410%	0.28485851%	
Change in Proportionate Share	-0.04267390%	0.02882716%	
Pension Expense	($1,927,959)	$11,440,411	$9,512,451

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	708,058	892,668	$1,600,726
Changes of assumptions	172,504	8,344,911	8,517,415
Net difference between projected and actual earnings on pension plan investments	0	2,426,546	2,426,546
Changes in employer proportionate share of net pension liability	150,722	6,860,272	7,010,994
Contributions subsequent to the measurement date	1,437,043	6,507,082	7,944,125
Total Deferred Outflows of Resources	$2,468,326	$25,031,479	$27,499,805
Deferred Inflows of Resources			
Differences between expected and actual experience	114,769	266,750	$381,519
Changes of assumptions	0	6,281,320	6,281,320
Net difference between projected and actual earnings on pension plan investments	610,061	0	610,061
Changes in employer proportionate share of net pension liability	1,356,807	0	1,356,807
Total Deferred Inflows of Resources	$2,081,637	$6,548,070	$8,629,707

$7,944,125 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	($465,720)	$3,118,497	$2,652,777
2025	($726,971)	$1,925,665	1,198,694
2026	($871,486)	($139,864)	(1,011,350)
2027	$1,013,823	$7,072,029	8,085,852
Total	($1,050,353)	$11,976,327	$10,925,974

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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 by 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 an arithmetic 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.

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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 for 2022 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 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$25,733,493	$17,482,560	$10,531,260

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

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	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on age	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% 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 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% 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' 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 Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

* Final target weights reflected 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' 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$105,340,753	$69,732,720	$39,619,347

Changes Between the Measurement Date and the Reporting Date
In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.

2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

Note 8 - Defined Benefit OPEB Plans

See Note 7 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy
State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% 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 $78,474.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $67,080 for fiscal year 2023.

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 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. All benefit recipients 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 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The 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. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	4,309,361	$0	$4,309,361
Proportionate Share of the Net OPEB (Asset)	0	(8,122,364)	(8,122,364)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.35906910%	0.31368567%	
Prior Measurement Date	0.39338150%	0.28485851%	
Change in Proportionate Share	-0.03431240%	0.02882716%	
OPEB Expense	(1,752,556)	(1,299,602)	($3,052,158)

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$36,226	$117,750	$153,976
Changes of assumptions	685,459	345,983	1,031,442
Net difference between projected and actual earnings on OPEB plan investments	22,397	141,391	163,788
Changes in employer proportionate share of net OPEB liability	728,500	293,455	1,021,955
Contributions subsequent to the measurement date	67,080	0	67,080
Total Deferred Outflows of Resources	$1,539,662	$898,579	$2,438,241
Deferred Inflows of Resources			
Differences between expected and actual experience	$2,756,584	$1,219,832	$3,976,416
Changes of assumptions	1,769,024	5,759,550	7,528,574
Changes in employer proportionate share of net OPEB liability	724,459	22,607	747,066
Total Deferred Inflows of Resources	$5,250,067	$7,001,989	$12,252,056

$67,080 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(714,872)	(1,698,835)	($2,413,707)
2025	(753,004)	(1,744,237)	(2,497,241)
2026	(690,701)	(852,106)	(1,542,807)
2027	(492,198)	(363,079)	(855,277)
2028	(407,840)	(477,283)	(885,123)
Thereafter	(718,870)	(967,870)	(1,686,740)
Total	($3,777,484)	($6,103,410)	($9,880,894)

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.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2042
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		
Medicare	5.125% to 4.40%	5.125% to 4.40%
Pre-Medicare	6.75% to 4.40%	6.75% to 4.40%
Medical Trend Assumption	7.00% to 4.40%	7.00% to 4.40%

Mortality rates among healthy retirees 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. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-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, as used in the June 30, 2020 five-year experience study, 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, 2021, 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 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 of SERS, what SERS' 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 SERS' 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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	$5,352,291	$4,309,361	$3,467,433

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Proportionate share of the net OPEB liability	$3,323,291	$4,309,361	$5,597,329

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 12.50%
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%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% 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.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% 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 Table with 90.0% of rates for males and 100.0% 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' 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 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 will be 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' investment consultant indicates that the above target allocations should generate a return above the actual 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 continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan 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 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	($7,508,913)	($8,122,364)	($8,647,840)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	($8,424,869)	($8,122,364)	($7,740,530)

Changes Between the Measurement Date and the Reporting Date
In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.

2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.

Note 9 - Contingent Liabilities

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Center as of June 30, 2023.

Litigation

The Center's attorney estimates that all other potential claims against the Center not covered by insurance resulting from all other litigation would not materially affect the financial statements of the Center.

Note 10 - Risk Management

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 carries insurance coverage with the following companies.

COVERAGE	COMPANY
Automobile	The Argonaut Insurance Company
Property	The Argonaut Insurance Company
General Liability	The Argonaut Insurance Company

Limits and deductible amounts for the above policies vary accordingly.

COVERAGE	LIMITS	DEDUCTIBLE
Automobile	$1,000,000 each occurrence	$500 collision
Property	$1,000,000 each occurrence	$500 each loss
General Liability	$1,000,000 each occurrence $3,000,000 general aggregate	

The Center pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

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

Note 11 - State Funding

The Center is funded by the State Department of Education and Workforce for the cost of Part (A) of their budget. This funding is provided from both State and local resources.

Part (B) of the budget is provided by the school districts to which the Center provides services and by the State Department of Education and Workforce. 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 and Workforce from that school district’s resources provided under the State’s Foundation Program. The Department of Education and Workforce’s portion is determined by multiplying the sum of average daily memberships of all of the school districts served by the Center by $26. 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 Board of Education and Workforce initiates and supervises the procedure under which the school districts approve or disapprove the additional apportionment.

Note 12 – Accountability

The following individual funds had a deficit in fund balance at fiscal year end:

Fund	Deficit
Title VI-B Special Education	$63,514
Title I Disadvantaged Children	9,419
Idea Preschool Grant	694
ESSER	16,404
Title III English Learners	25

The deficits in fund balances were primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 13 - Interfund Transactions

Interfund transactions at June 30, 2023, consisted of the following interfund receivables and interfund payables:

	Interfund	
	Receivable	Payable
General Fund	$4,208,021	$0
Head Start Fund	0	78,884
Other Grant Funds	0	2,710,881
Other Governmental Funds	0	1,418,256
Total All Funds	$4,208,021	$4,208,021

Interfund balances are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 14 - Jointly Governed/Related Organizations

Hamilton Clermont Cooperative Information Technology Center

The Hamilton Clermont Cooperative Information Technology Center (HCC) is a governmental jointly governed organization formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports HCC and shares in a percentage of equity based on the resources provided. HCC is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. The Board consists of one representative from each of the participating school districts. The center acts as the fiscal agent for HCC.

Unified Purchasing Cooperative

The Unified Purchasing Cooperative is a jointly governed organization comprised of over 50 public school district's and nearly 90 non-public schools in Brown, Butler, Clermont, Hamilton (OH); Boone, Campbell, Kenton (KY); Dearborn, Ohio, Ripley (IN) counties; 4 Educational Service Centers, 2 Head Start Programs, 2 MRDD's and the Diocese of Covington.

By aggregating the requirements of its members, each member's purchasing power increases and as a result Unified Purchasing Cooperative is able to obtain the best prices for quality products and services. The Center acts as the fiscal agent for the Unified Purchasing Cooperative.

Center for Collaborative Solutions, A Regional Council of Governments

The Center for Collaborative Solutions, a jointly governed organization, is A Regional Council of Governments (the "COG"), is a body Corporate and Politic established pursuant to Ohio Revised Code Chapter 167, by agreement of its members. The COG is a collaborative between Hamilton County Educational Service Center and Clermont County Educational Service Center. The COG is currently providing services for school districts and other entities in Hamilton County and Clermont County, principally providing substitute teachers and substitute classified personnel. The governing authority of The COG is the COG Board, which is comprised of two superintendents, two board members and one treasurer. All members are from The Hamilton County ESC and Clermont County ESC. The Officer positions of the COG Board are President, Vice-President and Secretary. The ESCs rotate those positions as determined by the COG Board. All other officers serve until his/her successor is appointed.

Health Consortium

The Health Consortium is a joint self-insurance program made up of 5 colleges/universities within the State of Ohio. The Center acts as a fiscal agent/pass-through of funds, collecting and remitting the monthly premiums from member entities to the Jefferson Health Plan.

Greater Cincinnati Insurance Consortium

The Center is a member of the Greater Cincinnati Insurance Consortium (GCIC), a jointly governed organization, is a group insurance consortium. GCIC has 14 members and provides a wide range of group insurance benefits to each members employees and dependents and designated beneficiaries. The purpose of the GCIC is to establish and maintain a fund to provide and/or purchase health insurance, dental insurance, life insurance and other insurance benefits to employees, their dependents and designated beneficiaries. GCIC is governed by a Board of Directors made up from one representative of each member entity.

Note 15 –Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Center is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Head Start	Other Grant Funds	Other Governmental Funds	Total
Nonspendable:					
Prepaids	$92,971	$8,463	$72	$7,439	$108,945
Total Nonspendable	92,971	8,463	72	7,439	108,945
Restricted for:					
Food Service	$0	$0	$0	$345	$345
Other Grant Funds	0	0	1,162,825	0	1,162,825
Miscellaneous Federal Grants	0	0	0	142,989	142,989
Agency	0	0	0	21	21
Total Restricted	0	0	1,162,825	143,355	1,306,180
Assigned to:					
Permanent Improvements	0	0	0	387,561	387,561
Capital Projects	0	0	0	4,089,021	4,089,021
Encumbrances	273,976	0	0	0	273,976
Total Assigned	273,976	0	0	4,476,582	4,750,558
Unassigned (Deficit)	28,828,740	0	0	(96,493)	28,732,247
Total Fund Balance	$29,195,687	$8,463	$1,162,897	$4,530,883	$34,897,930

Note 16 – Implementation of New Accounting Principles

New Accounting Principles

For fiscal year 2023, the Center implemented Governmental Accounting Standards Board (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 (SBITAs); and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves 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 primary objective is to improve financial reporting by addressing issues related to public-private and public-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. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial 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.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the Center.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the Center.

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Required Supplementary Information

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years (1)

Year	Center's Proportion of the Net Pension Liability	Center's Proportionate Share of the Net Pension Liability	Center's Covered Payroll	Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.37813020%	$17,482,560	$10,212,174	171.19%	75.82%
2022	0.42080410%	15,526,451	11,922,557	130.23%	82.86%
2021	0.40828230%	22,165,418	8,927,707	248.28%	68.55%
2020	0.37558070%	17,748,111	7,683,741	230.98%	70.85%
2019	0.36812260%	16,280,341	7,134,052	228.21%	71.36%
2018	0.34639030%	16,060,139	7,460,564	215.27%	69.50%
2017	0.35531050%	20,843,368	8,794,593	237.00%	62.98%
2016	0.34155250%	15,532,986	9,393,361	165.36%	69.16%
2015	0.29964300%	12,080,856	8,794,986	137.36%	71.70%
2014	0.29964300%	14,199,431	14,529,747	97.73%	65.52%

(1) Amounts presented as of the Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Contributions for Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

Year	Center's Contractually Required Contribution	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2023	$1,437,043	($1,437,043)	$0	$10,264,591	14.00%
2022	1,976,968	(1,976,968)	0	14,121,200	14.00%
2021	1,370,045	(1,370,045)	0	9,786,036	14.00%
2020	1,249,879	(1,249,879)	0	8,927,707	14.00%
2019	1,037,305	(1,037,305)	0	7,683,741	13.50%
2018	963,097	(963,097)	0	7,134,052	13.50%
2017	1,044,479	(1,044,479)	0	7,460,564	14.00%
2016	1,231,243	(1,231,243)	0	8,794,593	14.00%
2015	1,238,045	(1,238,045)	0	9,393,361	13.18%
2014	1,218,985	(1,218,985)	0	8,794,986	13.86%

See accompanying notes to the required supplementary information.

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years (1)

Year	Center's Proportion of the Net Pension Liability	Center's Proportionate Share of the Net Pension Liability	Center's Covered Payroll	Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.31368567%	$69,732,720	$42,702,529	163.30%	78.88%
2022	0.28485851%	36,421,721	36,569,471	99.60%	87.78%
2021	0.27731107%	67,099,412	34,929,264	192.10%	75.48%
2020	0.26782085%	59,226,971	33,231,800	178.22%	77.40%
2019	0.24731615%	54,379,268	29,615,243	183.62%	77.30%
2018	0.23480240%	55,777,813	27,319,557	204.17%	75.30%
2017	0.22515006%	75,364,512	24,876,314	302.96%	66.80%
2016	0.22475533%	62,115,799	24,771,250	250.76%	72.10%
2015	0.20353901%	49,507,731	22,395,762	221.06%	74.70%
2014	0.20353901%	58,814,465	38,195,800	153.98%	69.30%

(1) Amounts presented as of the Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Contributions for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

Year	Center's Contractually Required Contribution	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2023	$6,507,082	($6,507,082)	$0	$46,479,157	14.00%
2022	5,978,354	(5,978,354)	0	42,702,529	14.00%
2021	5,119,726	(5,119,726)	0	36,569,471	14.00%
2020	4,890,097	(4,890,097)	0	34,929,264	14.00%
2019	4,652,452	(4,652,452)	0	33,231,800	14.00%
2018	4,146,134	(4,146,134)	0	29,615,243	14.00%
2017	3,824,738	(3,824,738)	0	27,319,557	14.00%
2016	3,482,684	(3,482,684)	0	24,876,314	14.00%
2015	3,467,975	(3,467,975)	0	24,771,250	14.00%
2014	2,911,449	(2,911,449)	0	22,395,762	13.00%

See accompanying notes to the required supplementary information.

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1) (2)

Year	Center's Proportion of the Net OPEB Liability	Center's Proportionate Share of the Net OPEB Liability	Center's Covered Payroll	Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.35906910%	$4,309,361	$14,121,200	42.20%	30.34%
2022	0.39338150%	7,445,067	9,786,036	76.08%	24.08%
2021	0.38407060%	6,851,309	8,927,707	76.74%	18.17%
2020	0.35357670%	7,022,673	7,683,741	91.40%	15.57%
2019	0.34938980%	7,484,948	7,134,052	104.92%	13.57%
2018	0.32981780%	6,868,720	7,460,564	92.07%	12.46%
2017	0.33951784%	9,677,514	8,794,593	110.04%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Contributions for Net OPEB Liability
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1) (2)

Year	Center's Contractually Required Contribution (2)	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2023	$67,080	($67,080)	$0	$10,264,591	0.65%
2022	93,468	($93,468)	0	14,121,200	0.96%
2021	53,854	(53,854)	0	9,786,036	0.55%
2020	46,931	(46,931)	0	8,927,707	0.53%
2019	91,724	(91,724)	0	7,683,741	1.19%
2018	127,820	(127,820)	0	7,134,052	1.79%
2017	79,439	(79,439)	0	7,460,564	1.06%
2016	83,622	(83,622)	0	8,794,593	0.95%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Schedule of the Center's Proportionate Share of the Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1) (2)

Year	Center's Proportion of the Net OPEB (Asset)/Liability	Center's Proportionate Share of the Net OPEB (Asset)/Liability	Center's Covered Payroll	Center's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2023	0.31368567%	($8,122,364)	$42,702,529	(19.02%)	230.73%
2022	0.28485851%	(6,006,009)	36,569,471	(16.42%)	174.73%
2021	0.27731107%	(4,873,740)	34,929,264	(13.95%)	182.13%
2020	0.26782085%	(4,435,755)	33,231,800	(13.35%)	174.74%
2019	0.24731615%	(3,974,118)	29,615,243	(13.42%)	176.00%
2018	0.23480236%	9,161,122	27,319,557	33.53%	47.10%
2017	0.22515006%	12,041,084	24,876,314	48.40%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Hamilton County Educational Service Center
Required Supplementary Information
Schedule of the Center's Contributions for Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

Year	Center's Contractually Required Contribution	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2023	$0	$0	$0	$46,479,157	0.00%
2022	0	0	0	42,702,529	0.00%
2021	0	0	0	36,569,471	0.00%
2020	0	0	0	34,929,264	0.00%
2019	0	0	0	33,231,800	0.00%
2018	0	0	0	29,615,243	0.00%
2017	0	0	0	27,319,557	0.00%
2016	0	0	0	24,876,314	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:
2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this 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.

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
(2) Payroll growth assumption was reduced from 3.50% to 1.75%,
(3) Assumed real wage growth was increased from 0.50% to 0.85%,
(4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
(5) The discount rate was reduced from 7.50% to 7.00%,
(6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
(7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) 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,

(6) 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,
(7) 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
(8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
    a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
(2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
    a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
(3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
    a. Projected forward generationally using mortality improvement scale MP-2020
(4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) 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,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with

generational improvement scale MP-2016, and

(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 2 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:
2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 2.27%
Measurement Date 4.08%
(2) Municipal Bond Index Rate:
Prior Measurement Date 1.92%
Measurement Date 3.69%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 2.27%
Measurement Date 4.08%
(4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 2.63%
Measurement Date 2.27%
(2) Investment Rate of Return:
Prior Measurement Date 7.50%
Measurement Date 7.00%
(3) Assumed Rate of Inflation:
Prior Measurement Date 3.00%
Measurement Date 2.40%
(4) Payroll Growth Assumption:
Prior Measurement Date 3.50%
Measurement Date 1.75%
(5) Assumed Real Wage Growth:
Prior Measurement Date 0.50%
Measurement Date 0.85%
(6) Municipal Bond Index Rate:

Prior Measurement Date 2.45%
Measurement Date 1.92%

(7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 2.63%
Measurement Date 2.27%

(8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.

(9) Rate of health care participation for future retirees and spouses was updated to reflect recent.

(10) Mortality among active members was updated to the following:
   a. PUB-2010 General Amount Weighted Below Median Employee mortality table.

(11) Mortality among service retired members was updated to the following:
   a. 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.

(12) Mortality among beneficiaries was updated to the following:
   a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

(13) Mortality among disabled member was updated to the following:
   a. 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.

(14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 3.22%
Measurement Date 2.63%

(2) Municipal Bond Index Rate:
Prior Measurement Date 3.13%
Measurement Date 2.45%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.22%
Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Prior Measurement Date 3.70%
Measurement Date 3.22%

(2) Municipal Bond Index Rate:
Prior Measurement Date 3.62%
Measurement Date 3.13%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.70%
Measurement Date 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) 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,
(6) 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, and
(7) 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.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2023: 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. Healthcare trends were updated to reflect emerging claims and recoveries experience.

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.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. 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.

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:
2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately $0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately $0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: 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). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

SUPPLEMENTARY INFORMATION

Hamilton County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	$582,412	$724,178	$724,178	$0
Investment Earnings	304,777	378,964	378,964	0
Intergovernmental	2,568,555	3,193,772	3,193,772	0
Charges for Services	56,852,742	70,691,390	70,691,390	0
Other Revenues	163,737	203,593	203,593	0
Total Revenues	60,472,223	75,191,897	75,191,897	0
Expenditures:				
Current:				
Instruction:				
Special	8,379,211	8,992,904	8,992,904	0
Support Services:				
Pupil	18,732,724	20,104,708	20,104,708	0
Instructional Staff	14,976,869	16,073,774	16,073,774	0
General Administration	44,417	47,670	47,670	0
School Administration	5,397,441	5,792,749	5,792,749	0
Fiscal	1,104,050	1,184,911	1,184,911	0
Business	669,628	718,672	718,672	0
Operations and Maintenance	938,199	1,006,913	1,006,913	0
Central	1,326,599	1,423,759	1,423,759	0
Operation of Non-Instructional Services	10,308,656	11,063,661	11,063,661	0
Total Expenditures	61,877,794	66,409,721	66,409,721	0
Excess of Revenues Over (Under) Expenditures	(1,405,571)	8,782,176	8,782,176	0
Other Financing Sources (Uses):				
Advances In	7,464,002	9,280,831	9,280,831	0
Advances (Out)	(4,743,793)	(5,091,228)	(5,091,228)	0
Transfers In	123,698	153,807	153,807	0
Transfers (Out)	(143,311)	(153,807)	(153,807)	0
Total Other Financing Sources (Uses)	2,700,596	4,189,603	4,189,603	0
Net Change in Fund Balance	1,295,025	12,971,779	12,971,779	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	15,025,199	15,025,199	15,025,199	0
Fund Balance End of Year	$16,320,224	$27,996,978	$27,996,978	$0

See accompanying notes to the supplementary information.

Hamilton County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Head Start Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$10,952,077	$11,182,988	$11,182,988	$0
Total Revenues	10,952,077	11,182,988	11,182,988	0
Expenditures:				
Current:				
Support Services:				
School Administration	137,852	269,965	269,965	0
Fiscal	339,611	665,082	665,082	0
Operation of Non-Instructional Services	5,342,664	10,462,890	10,462,887	3
Total Expenditures	5,820,127	11,397,937	11,397,934	3
Excess of Revenues Over (Under) Expenditures	5,131,950	(214,949)	(214,946)	3
Other Financing Sources (Uses):				
Advances In	77,255	78,884	78,884	0
Advances (Out)	(376,919)	(738,145)	(738,145)	0
Total Other Financing Sources (Uses)	(299,664)	(659,261)	(659,261)	0
Net Change in Fund Balance	4,832,286	(874,210)	(874,207)	3
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	874,209	874,209	874,209	0
Fund Balance End of Year	$5,706,495	($1)	$2	$3

See accompanying notes to the supplementary information.

	Other Grant Funds Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$168,266	$98,858	$98,858	$0
Charges for Services	36,257,912	21,301,888	21,301,888	0
Other Revenues	38,798	22,794	22,794	0
Total Revenues	36,464,976	21,423,540	21,423,540	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	21,081,468	23,262,547	23,314,991	(52,444)
School Administration	2,161,003	2,384,579	2,389,955	(5,376)
Fiscal	186,749	206,069	206,534	(465)
Operation of Non-Instructional Services	7,852	8,664	8,684	(20)
Total Expenditures	23,437,072	25,861,859	25,920,164	(58,305)
Excess of Revenues Over (Under) Expenditures	13,027,904	(4,438,319)	(4,496,624)	(58,305)
Other Financing Sources (Uses):				
Advances In	2,210,357	1,298,607	1,298,607	0
Advances (Out)	(4,344,381)	(4,793,849)	(4,804,656)	(10,807)
Total Other Financing Sources (Uses)	(2,134,024)	(3,495,242)	(3,506,049)	(10,807)
Net Change in Fund Balance	10,893,880	(7,933,561)	(8,002,673)	(69,112)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated), restated	9,209,739	9,209,739	9,209,739	0
Fund Balance End of Year	$20,103,619	$1,276,178	$1,207,066	($69,112)

See accompanying notes to the supplementary information.

Note 1 – Budgetary Process

The Center, with the passing of House Bill 95, is no longer required to certify a budget to the State Department of Education. However, the Center's Board approves a budget for governmental funds on or before the start of the new fiscal year, which includes estimated resources and expenditures.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Center's Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2023.

While the Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as assigned to a fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund, Head Start Fund, and Other Grants Fund:

Net Change in Fund Balance	General	Head Start	Other Grants
GAAP Basis	$7,833,618	$845	($314,197)
Revenue Accruals	1,239,072	169,976	778,132
Expenditure Accruals	70,340	(81,264)	477,065
Transfers In	153,807	0	0
Transfers Out	(153,807)	0	0
Advances In	9,280,831	78,884	1,298,607
Advances Out	(5,091,228)	(738,145)	(4,804,656)
Encumbrances	(360,854)	(304,503)	(5,437,624)
Budget Basis	$12,971,779	($874,207)	($8,002,673)

HAMILTON COUNTY EDUCATIONAL SERVICE CENTER
HAMILTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Ohio Department of Education and Workforce			
Hamilton County Educational Service Center			
Child Nutrition Cluster			
School Breakfast Program	10.553	2022	$ 1,508
School Breakfast Program	10.553	2023	10,257
Total School Breakfast Program			11,765
Hamilton County Educational Service Center			
National School Lunch Program	10.555	2022	2,460
National School Lunch Program	10.555	2023	14,760
Total National School Lunch Program			17,220
Total Child Nutrition Cluster			28,985
Hamilton County Educational Service Center			
Child and Adult Care Food Program (CACFP) - Cash-in-Lieu	10.558	2023	15,436
Child and Adult Care Food Program (CACFP) - Child Care Food Program	10.558	2023	323,891
Total Child and Adult Care Food Program (CACFP)			339,327
Hamilton County Educational Service Center			
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	628
Total U.S. Department of Agriculture			368,940
U.S. DEPARTMENT OF TREASURY			
Passed Through Ohio Office of Budget and Management			
Hamilton County Educational Service Center			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #2	21.027	COVID-19	50,000
Total U.S. Department of Treasury			50,000
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Ohio Department of Education and Workforce			
Region 13 State Support Team			
Title I Grants to Local Educational Agencies - Priority School Supports	84.010A	84.010A, 2022	25,316
Title I Grants to Local Educational Agencies - Priority School Supports	84.010A	84.010A, 2023	95,866
Total Title I Grants to Local Educational Agencies			121,182
Region 13 State Support Team			
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B) - Individuals with Disabilities Education Act	84.027A	84.027A, 2022	225,387
Special Education-Grants to States (IDEA, Part B) - Urban Regional Literacy	84.027A	84.027A, 2022	34,784
Special Education-Grants to States (IDEA, Part B) - Early Literacy SSIP	84.027A	84.027A, 2022	23,839
Special Education-Grants to States (IDEA, Part B) - Individuals with Disabilities Education Act	84.027A	84.027A, 2023	1,908,948
Special Education-Grants to States (IDEA, Part B) - Urban Regional Literacy	84.027A	84.027A, 2023	89,377
Special Education-Grants to States (IDEA, Part B) - Early Literacy SSIP	84.027A	84.027A, 2023	108,200
Total Special Education-Grants to States (IDEA, Part B)			2,390,535
Region 13 State Support Team			
Special Education-Preschool Grants (IDEA Preschool) - Early Learning - Discretionary	84.173A	84.173A, 2022	18,945
Special Education-Preschool Grants (IDEA Preschool) - Early Learning SSIP (ELSR)	84.173A	84.173A, 2022	7,388
Special Education-Preschool Grants (IDEA Preschool) - Early Learning - Discretionary	84.173A	84.173A, 2023	70,253
Special Education-Preschool Grants (IDEA Preschool) - Early Learning SSIP (ELSR)	84.173A	84.173A, 2023	27,267
Total Special Education-Preschool Grants (IDEA Preschool)			123,853
Total Special Education Cluster (IDEA)			2,514,388
Region 13 State Support Team			
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities - Partners - OLL	84.326M	84.326M, 2023	9,375
Consortium Amount Passed/Transferred from Consortium Members/Received as Consortium Lead			
Hamilton County Educational Service Center			
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2022	9,426
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	71,550
Total English Language Acquisition State Grants - Title III			80,976
Hamilton County Educational Service Center			
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	COVID-19, 84.425C, 2022	585,504
COVID-19 - Governor's Emergency Education Relief (GEER II) Fund II	84.425C	COVID-19, 84.425C, 2023	705,032
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund - Student Readiness Supports I	84.425D	COVID-19, 84.425D, 2022	36,606
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund - ESC Family Engagement Liaisons	84.425D	COVID-19, 84.425D, 2022	3,983
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Literacy: ESC's to Support Structured Literacy	84.425U	COVID-19, 84.425U, 2023	40,483
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Extended Learning and Recovery	84.425U	COVID-19, 84.425U, 2023	1,396,685
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Family & Community Partner Liaisons	84.425U	COVID-19, 84.425U, 2023	97,640
Consortium Amount Passed/Transferred from Consortium Members/Received as Consortium Lead			
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Homeless Round II	84.425W	COVID-19, 84.425W, 2023	70,981
Total Education Stabilization Fund (ESF)			2,936,914
Total U.S. Department of Education			5,662,835
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Trough the Ohio Department of Job and Family Services			
Hamilton County Educational Service Center			
Refugee and Entrant Assistance–State-Administered Programs	93.566	G-2223-17-0437	5,354
Refugee and Entrant Assistance–State-Administered Programs - Afghan Refugee School Impact Program	93.566	G-2223-17-0823	1,623
Refugee and Entrant Assistance–State-Administered Programs	93.566	G-2223-17-0954	43,407
Refugee and Entrant Assistance–State-Administered Programs - Afghan Refugee School Impact Program	93.566	G-2223-17-1025	3,000
Total Refugee and Entrant Assistance–State-Administered Programs			53,384
Direct			
Head Start Cluster			
Hamilton County Educational Service Center			
COVID-19 - Head Start	93.600	COVID-19	1,087,702
Head Start	93.600	N/A	9,530,340
Total Head Start Cluster			10,618,042
Total U.S. Department of Health and Human Services			10,671,426
Total Federal Expenditures			$ 16,753,201

The accompanying notes are an integral part of this schedule.

HAMILTON COUNTY EDUCATIONAL SERVICE CENTER
HAMILTON COUNTY, OHIO

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Hamilton County Educational Service Center under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. 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 Hamilton County Educational Service Center, it is not intended to and does not present the financial position, or changes in net position of the Hamilton County Educational Service Center. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Hamilton County Educational Service Center has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – MATCHING REQUIREMENTS

Certain Federal Programs require the Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Center has matching requirement. The Schedule does not include the expenditures of non-Federal matching funds.

NOTE 5 – PASS THROUGH FUNDS

The Hamilton County Educational Service Center was awarded federal program allocations to be administered on behalf of its member School District's. For fiscal year 2023, the Hamilton County Educational Service Center's allocations from member School District's was as follows:

Grant/Program Name	ALN	Reallocated From	Reallocated Amount
Title III - English Language Acquisition State Grants	84.365A	Member Districts	$ 71,550
Elementary and Secondary School Emergency Relief (ARP ESSER) Fund-Homeless Round II	84.425W	Member Districts	$ 5,556

Julian & Grube

333 County Line Road, West
Westerville, OH 43082
614-846-1899

jginc.biz

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Hamilton County Educational Service Center
Hamilton County
11083 Hamilton Avenue
Cincinnati, Ohio 45231

To the Members of the Board of Education:

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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton County Educational Service Center, Hamilton County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Hamilton County Educational Service Center's basic financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hamilton County Educational Service 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 Hamilton County Educational Service Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hamilton County Educational Service 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 Hamilton County Educational Service 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 Hamilton County Educational Service 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 Hamilton County Educational Service 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 Hamilton County Educational Service Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 26, 2024

Julian & Grube

333 County Line Road, West
Westerville, OH 43082
614-846-1899

jginc.biz

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

Hamilton County Educational Service Center
Hamilton County
11083 Hamilton Avenue
Cincinnati, Ohio 45231

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hamilton County Educational Service Center's 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 Hamilton County Educational Service Center's major federal programs for the fiscal year ended June 30, 2023. The Hamilton County Educational Service Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Hamilton County Educational Service Center 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 fiscal 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 Hamilton County Educational Service 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 Hamilton County Educational Service Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Hamilton County Educational Service 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 Hamilton County Educational Service 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 generally accepted auditing standards, *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 Hamilton County Educational Service Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Hamilton County Educational Service 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 Hamilton County Educational Service 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 Hamilton County Educational Service 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 26, 2024

HAMILTON COUNTY EDUCATIONAL SERVICE CENTER
HAMILTON COUNTY, OHIO

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 other 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 Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Programs (listed):*	Special Education Cluster; Education Stabilization Fund (ALN 84.425)
(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 BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

HAMILTON COUNTY EDUCATIONAL SERVICE CENTER

HAMILTON 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 3/26/2024

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