OHIO AUDITOR OF STATE
KEITH FABER

MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER
MUSKINGUM COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Muskingum Valley Educational Service Center
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskingum Valley Educational Service Center, Muskingum County, Ohio (the Educational Service Center) , as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Educational Service Center's basic financial statements as listed in the Table of Contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Educational Service Center's basic financial statements. The Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual and the Schedule of Expenditures of Federal Awards 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 March 25, 2024, on our consideration of the Educational Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Educational Service Center's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

This page intentionally left blank.

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

Financial Highlights

Key financial highlights for the fiscal year 2023 are as follows:

- Net position of governmental activities increased $3,880,602.
- General revenues accounted for $1,180,627 in revenue or 5 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for $21,226,693, or 95 percent of total revenues of $22,407,320.
- The Educational Service Center had $18,526,718 in expenses related to governmental activities; program specific charges for services and sales and grants and contributions and general revenues were adequate to support these programs.

Using the Basic Financial Statements

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Educational Service Center, presenting both an aggregate view of the Educational Service 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 Educational Service Center's most significant funds with all other non-major funds presented in total in one column.

Reporting the Educational Service Center as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the Educational Service Center to provide programs and activities for School Districts, the view of the Educational Service Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities 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 fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Educational Service Center's net position and changes in position. This change in net position is important because it tells the reader that, for the Educational Service Center as a whole, the financial position of the Educational Service Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

In the Statement of Net Position and the Statement of Activities, all of the Educational Service Center's activities are reported as governmental including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the Educational Service Center's Most Significant Funds

Fund Financial Statements

The analysis of the Educational Service Center's major funds begins on page 11. Fund financial reports provide detailed information about the Educational Service Center's major funds. The Educational Service Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Educational Service Center's most significant funds. The Educational Service Center's major governmental funds are the General Fund, and the Tele-Mental Health Grant, Elementary and Secondary School Emergency Relief (ESSER), and the Special Education Special Revenue Funds.

Governmental Funds Most of the Educational Service Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Educational Service Center's general governmental 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 – The Educational Service Center has an external investment pool that accounts for all the fiscal activities of the "Ohio Coalition for Equity and Adequacy of School Funding." The Educational Service Center also has custodial funds. Custodial funds are custodial in nature (assets equaling liabilities) and do not involve measurements of results of operations. Fiduciary funds are excluded from the other financial statements because their assets are not available to the Educational Service Center to finance operations. Fiduciary funds use the accrual basis of accounting.

The Educational Service Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Educational Service Center as a whole. Table 1 provides a summary of the Educational Service Center's net position for governmental activities for fiscal year 2023 compared to fiscal year 2022.

Table 1
Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current and Other Assets	$9,790,922	$8,249,738	$1,541,184
Capital Assets	841,241	677,469	163,772
Total Assets	10,632,163	8,927,207	1,704,956
Deferred Outflows of Resources			
Pension	4,388,494	4,473,742	(85,248)
OPEB	598,955	771,376	(172,421)
Total Deferred Outflows	4,987,449	5,245,118	(257,669)
Liabilities			
Current and Other Liabilities	3,041,267	2,958,781	82,486
Long-Term Liabilities:			
Due Within One Year	45,170	14,309	30,861
Due In More Than One Year:			
Net Pension Liability	18,809,891	12,310,713	6,499,178
Net OPEB Liability	1,389,533	1,945,445	(555,912)
Other Amounts	1,446,889	1,309,764	137,125
Total Liabilities	24,732,750	18,539,012	6,193,738
Deferred Inflows of Resources			
Pension	5,049,987	13,641,738	(8,591,751)
OPEB	3,946,285	3,981,587	(35,302)
Total Deferred Inflows of Resources	8,996,272	17,623,325	(8,627,053)
Net Position (Deficit)			
Net Investment in Capital Assets	600,953	422,872	178,081
Restricted	591,934	131,453	460,481
Unrestricted (Deficit)	(19,302,297)	(22,544,337)	3,242,040
Total Net Position (Deficit)	($18,109,410)	($21,990,012)	$3,880,602

The net pension liability (NPL) is the largest single liability reported by the Educational Service Center at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Educational Service Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets increased $1,704,956. Current assets increased $1,541,184, primarily due to increases in equity in pooled cash and cash equivalents and intergovernmental receivables derived from services provided to school districts.

Total deferred outflows of resources decreased $257,669, due to the net differences between expected and actual experience, earnings on investments, payments subsequent to the measurement date, and changes of assumptions related to the Educational Service Center's proportionate shares of the net pension liability, and the net OPEB (asset) liability.

Total liabilities increased $6,193,738. Long-term liabilities increased $6,111,252 primarily due to the increase in the net pension liability due to the changes in assumptions offset by changes in net investment income. Current and other liabilities increased $82,486 primarily due to an increase in accrued wages and benefits payable, and intergovernmental payable, which was offset by a decrease in unearned revenue related to the tele-mental health grant.

Total deferred inflows of resources decreased $8,627,053. This decrease was the result of two factors; a decrease in deferred inflows of resources related to pension due to changes in pension plan investments and a decrease in deferred inflows of resources related to OPEB due to changes in assumptions.

Table 2 shows the changes in net position for governmental activities for the fiscal year 2023 and comparisons to fiscal year 2022.

Table 2
Changes in Net Position

Revenues	2023	2022	Change
Program Revenues:			
Charges for Services and Sales	$15,113,717	$13,034,384	$2,079,333
Operating Grants and Contributions	5,906,269	5,108,824	797,445
Capital Grants, Contributions and Interest	206,707	0	206,707
Total Program Revenues	21,226,693	18,143,208	3,083,485
General Revenues:			
Grants and Entitlements	1,064,231	633,754	430,477
Investment Earnings	88,768	(4,345)	93,113
Miscellaneous	27,628	564,813	(537,185)
Total General Revenues	1,180,627	1,194,222	(13,595)
Total Revenues	22,407,320	19,337,430	3,069,890
Program Expenses			
Instruction:			
Regular	626,267	718,242	(91,975)
Special	5,976,330	4,841,449	1,134,881
Student Intervention Services	1,247,262	996,878	250,384
Support Services:			
Pupils	4,685,340	3,698,700	986,640
Instructional Staff	3,618,372	2,720,333	898,039
Board of Education	23,903	20,252	3,651
Administration	1,132,119	999,564	132,555
Fiscal	540,062	499,125	40,937
Operation and Maintenance of Plant	126,554	133,501	(6,947)
Pupil Transportation	12,576	24,318	(11,742)
Central	389,167	463,655	(74,488)
Operation of Non-Instructional Services:			
Community Services	117,768	74,050	43,718
Extracurricular Activities	25,906	12,212	13,694
Interest	5,092	5,373	(281)
Total Expenses	18,526,718	15,207,652	3,319,066
Change in Net Position	3,880,602	4,129,778	(249,176)
Net Position (Deficit) at Beginning of Year	(21,990,012)	(26,119,790)	4,129,778
Net Position (Deficit) at End of Year	($18,109,410)	($21,990,012)	$3,880,602

The Educational Service Center provides special instruction, pupil support, and instructional support services to its member districts and, in some cases, districts outside its service region. Charges for services are modeled to cover the cost of the service plus an administrative fee. As economic conditions warrant, the Educational Service Center adjusts its expenditures and charges for services to maintain expenditures within its resources.

The primary sources of revenue for the Educational Service Center are derived from charges for services provided to contracting school districts, which represent approximately 67 percent of total revenues. Charges for services and sales program revenue increased $2,079,333 from the prior year, primarily due to an increase in revenues received for services provided to member districts.

Special instruction program expense accounted for approximately 32 percent of total program expenses. Support services program expenses for pupils accounted for 25 percent of total program expenses. Support services program expenses for instructional staff accounted for 20 percent. Program expenses increased $3,319,066 from the prior year. The increase is due to increased costs of services provided as well as increases in pension and OPEB expense.

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions, offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by unrestricted entitlements.

Table 3
Governmental Activities

	2023 Total Cost of Services	2023 Net Cost of Services	2022 Total Cost of Services	2022 Net Cost of Services
Program Expenses				
Instruction:				
Regular	$626,267	($246,417)	$718,242	($120,509)
Special	5,976,330	(789,280)	4,841,449	(1,799,816)
Student Intervention Services	1,247,262	(692,782)	996,878	(579,973)
Support Services:				
Pupils	4,685,340	(522,838)	3,698,700	(614,168)
Instructional Staff	3,618,372	(334,426)	2,720,333	(79,514)
Board of Education	23,903	23,903	20,252	20,252
Administration	1,132,119	570,033	999,564	457,538
Fiscal	540,062	(612,834)	499,125	(291,726)
Operation and Maintenance of Plant	126,554	14,493	133,501	48,810
Pupil Transportation	12,576	(34)	24,318	29
Central	389,167	(7,072)	463,655	86,567
Operation of Non-Instructional Services:				
Community Services	117,768	(97,127)	74,050	(68,919)
Extracurricular Activities	25,906	(10,686)	12,212	500
Interest	5,092	5,092	5,373	5,373
Totals	$18,526,718	($2,699,975)	$15,207,652	($2,935,556)

The Educational Service Center relies on program revenues to support its operations, which were sufficient in fiscal year 2023.

The Educational Service Center's Major Funds

The Educational Service Center's funds are accounted for using the modified accrual basis of accounting. The Educational Service Center has four major funds; the General Fund, and the Tele-Mental Health Grant, Elementary and Secondary School Emergency Relief (ESSER), and the Special Education Special Revenue Funds.

The General Fund had total revenues of $15,959,748, an increase of $1,614,282 from the prior year, largely due to increases in tuition and fees and charges for services. The General Fund had total expenditures of $14,892,196, an increase of $778,140 as the Educational Service Center adapts to operational costs necessary to align with the services provided to its members. The General Fund's balance increased $1,067,552.

The Tele-Health Grant Special Revenue Fund was advance funded its grant allocation prior to the end of fiscal year 2021. The programs to be funded by the grant are to be in place beginning in fiscal year 2022 and for subsequent years after. The Tele-Health Grant Fund reported no change in fund balance as the grant revenues are earned and recognized as the costs for the programs are incurred.

The Elementary and Secondary School Emergency Relief (ESSER) Special Revenue Fund had total revenues of $1,380,035, an increase of $983,348 from the prior year, due to additional ESSER grants available to the Educational Service Center related to after school programs. The fund had total expenditures of $1,507,746, an increase of $1,130,081 related to additional services provided to the school districts. The fund's balance decreased $127,711.

The Special Education Special Revenue Fund had total revenues of $1,568,208, an increase of $160,940 from the prior year, as a result of additional Special Education grants available to the Educational Service Center. The fund had total expenditures of $1,614,059, an increase in the amount of $190,087, due to additional services provided to the school districts. The fund's balance decreased $45,851.

This space intentionally left blank

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the Educational Service Center had $841,241 invested in land and land improvements; buildings and improvements; intangible right to use buildings; and furniture, fixtures, and equipment. Table 4 shows fiscal year 2023 balances compared to fiscal year 2022.

Table 4
Capital Assets at June 30, 2023
(Net of Depreciation)

	2023	2022
Land	$10,840	$10,840
Land Improvements	5,585	6,214
Buildings and Improvements	124,352	118,681
Intangible Right to Use - Buildings	233,625	251,125
Furniture, Fixtures, and Equipment	466,839	290,609
Totals	$841,241	$677,469

See Note 9 for more detailed information of the Educational Service Center's capital assets.

Debt

At June 30, 2023, the Educational Service Center had $240,288 of leases payable, with $14,595 due within one year. See Note 14 for more information on the Educational Service Center's long-term obligations, including compensated absences payable, sick leave benefits, net pension liability, and net OPEB liability.

Economic Factors

As the preceding information shows, the Muskingum Valley Educational Service Center relies heavily on contracts with its member school districts in Coshocton, Hocking, Morgan, Muskingum, Noble, Perry and Tuscarawas Counties. Existing contracts with member districts and carryover balances will fund Educational Service Center's operations during fiscal year 2023. However, the future financial health of Educational Service Center presents certain challenges.

General Fund revenue is generated by two primary means: state funding and fees for services. This has been said many times, but state funding has declined as a percentage of the total revenue budget throughout the course of the Educational Service Center's existence. As a comparison of changes in state funding over time, in fiscal year 1998, state funds accounted for 70 percent of total General Fund revenue. For fiscal year 2023, state will account for only 6 percent of the General Fund's total revenues. The Educational Service Center uses its state funding to offset administrative costs. As the state of Ohio continues to reduce educational service center funding, Educational Service Center must search for ways to fund its administrative costs by either raising administrative fees charged for services or serving as the fiscal agent for additional programs and grants.

Another challenge the Educational Service Center faces is the financial circumstances of its member districts. With the uncertainty of adequate State Funding, districts may not be able to continue with existing Educational Service Center services or obtain additional Educational Service Center services. As the State of Ohio reduces educational service center State Funding, Educational Service Center customers will be faced with higher participation and service fees.

Contacting the Educational Service Center's Financial Management

This financial report is designed to provide our citizens, districts, investors and creditors with a general overview of the Educational Service Center's finances and to show the Educational Service Center's accountability for the money it receives. If you have any questions about this report or need additional financial information please contact Danielle Devoll, Treasurer at the Muskingum Valley Educational Service Center, 205 North 7th Street, Zanesville, Ohio 43701. You may also email the treasurer at danielle.devoll@mvesc.org.

This page intentionally left blank.

Muskingum Valley Educational Service Center, Ohio
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$5,732,325
Inventory Held for Resale	19,642
Accrued Interest Receivable	3,561
Accounts Receivable	28,265
Intergovernmental Receivable	2,154,309
Prepaid Items	271,900
Net OPEB Asset	1,580,920
Nondepreciable Capital Assets	10,840
Depreciable Capital Assets, Net	830,401
Total Assets	10,632,163
Deferred Outflows of Resources	
Pensions	4,388,494
OPEB	598,955
Total Deferred Outflows of Resources	4,987,449
Liabilities	
Accounts Payable	56,489
Accrued Wages and Benefits Payable	1,898,774
Vacation Benefits Payable	65,404
Matured Compensated Absences Payable	14,719
Intergovernmental Payable	346,686
Unearned Revenue	659,195
Long-Term Liabilities:	
Due Within One Year	45,170
Due in More than One Year:	
Net Pension Liability	18,809,891
Net OPEB Liability	1,389,533
Other Amounts	1,446,889
Total Liabilities	24,732,750
Deferred Inflows of Resources	
Pensions	5,049,987
OPEB	3,946,285
Total Deferred Inflows of Resources	8,996,272
Net Position	
Net Investment in Capital Assets	600,953
Restricted for:	
Unclaimed Monies	4,629
State Grants	6,130
Federal Grants	21,912
Local Initiatives	190,161
OPEB Plan	369,102
Unrestricted (Deficit)	(19,302,297)
Total Net Position (Deficit)	($18,109,410)

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio
Statement of Activities
For the Fiscal Year Ended June, 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants Contributions and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$626,267	$869,199	$3,485	$0	$246,417
Special	5,976,330	5,891,958	873,652	0	789,280
Student Intervention Services	1,247,262	1,329,058	451,028	159,958	692,782
Support Services:					
Pupils	4,685,340	4,232,586	974,040	1,552	522,838
Instructional Staff	3,618,372	1,155,704	2,793,907	3,187	334,426
Board of Education	23,903	0	0	0	(23,903)
Administration	1,132,119	284,987	277,099	0	(570,033)
Fiscal	540,062	982,347	170,549	0	612,834
Operation and Maintenance of Plant	126,554	10,784	75,142	26,135	(14,493)
Pupil Transportation	12,576	0	12,610	0	34
Central	389,167	231,141	149,223	15,875	7,072
Operation of Non-Instructional Services	117,768	115,570	99,325	0	97,127
Extracurricular Activities	25,906	10,383	26,209	0	10,686
Interest	5,092	0	0	0	(5,092)
Totals	$18,526,718	$15,113,717	$5,906,269	$206,707	2,699,975
		General Revenues			
		Grants and Entitlements not Restricted to Specific Programs			1,064,231
		Investment Earnings			88,768
		Miscellaneous			27,628
		Total General Revenues			1,180,627
		Change in Net Position			3,880,602
		Net Position (Deficit) at Beginning of Year			(21,990,012)
		Net Position (Deficit) at End of Year			($18,109,410)

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2023

	General	Tele-Mental Health Grant	ESSER	Special Education	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$4,875,775	$669,486	$0	$0	$182,435	$5,727,696
Receivables:						
Accounts	28,265	0	0	0	0	28,265
Intergovernmental	877,964	0	343,674	382,233	550,438	2,154,309
Interfund	938,411	0	0	0	0	938,411
Accrued Interest	3,561	0	0	0	0	3,561
Prepaid Items	239,903	0	7,309	12,962	11,726	271,900
Inventory Held for Resale	19,642	0	0	0	0	19,642
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	4,629	0	0	0	0	4,629
Total Assets	$6,988,150	$669,486	$350,983	$395,195	$744,599	$9,148,413
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	$40,276	$44	$660	$6,416	$9,093	$56,489
Accrued Wages and Benefits Payable	1,606,270	9,049	75,554	121,622	86,279	1,898,774
Interfund Payable	0	0	252,879	236,410	449,122	938,411
Matured Compensated Absences Payable	14,719	0	0	0	0	14,719
Intergovernmental Payable	297,143	1,198	14,582	17,785	15,978	346,686
Unearned Revenue	0	659,195	0	0	0	659,195
Total Liabilities	1,958,408	669,486	343,675	382,233	560,472	3,914,274
Deferred Inflows of Resources						
Unavailable Revenue	131,416	0	144,073	57,682	63,536	396,707
Fund Balances (Deficits)						
Nonspendable:						
Prepaid Items	239,903	0	7,309	12,962	11,726	271,900
Unclaimed Monies	4,629	0	0	0	0	4,629
Restricted for:						
State Grants	0	0	0	0	39	39
Local Initiatives	0	0	0	0	174,950	174,950
Committed to:						
Purchases on Order	16,508	0	0	0	0	16,508
Assigned to:						
Purchases on Order	302,977	0	0	0	0	302,977
School Support Services	314,536	0	0	0	0	314,536
Unassigned (Deficits)	4,019,773	0	(144,074)	(57,682)	(66,124)	3,751,893
Total Fund Balances (Deficits)	4,898,326	0	(136,765)	(44,720)	120,591	4,837,432
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$6,988,150	$669,486	$350,983	$395,195	$744,599	$9,148,413

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$4,837,432
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.		841,241
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Intergovernmental Revenues	265,291	
Tuition and Fees	960	
Charges for Services and Sales	126,895	
Investment Earnings	3,561	396,707
The net pension liability, net OPEB asset, and net OPEB liability is not due and payable in the current period; therefore, the liability, asset, and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	1,580,920	
Deferred Outflows - Pension	4,388,494	
Deferred Outflows - OPEB	598,955	
Net Pension Liability	(18,809,891)	
Net OPEB Liability	(1,389,533)	
Deferred Inflows - Pension	(5,049,987)	
Deferred Inflows - OPEB	(3,946,285)	(22,627,327)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Lease Payable	(240,288)	
Vacation Benefits Payable	(65,404)	
Sick Leave Benefits Payable	(1,251,771)	(1,557,463)
Net Position (Deficit) of Governmental Activities		($18,109,410)

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Tele-Mental Health	ESSER	Special Education	Other Governmental Funds	Total Governmental Funds
Revenues						
Intergovernmental	$763,672	$300,559	$1,380,035	$1,568,208	$2,939,046	$6,951,520
Investment Earnings	87,574	0	0	0	0	87,574
Tuition and Fees	9,324,385	0	0	0	0	9,324,385
Charges for Services	5,746,632	0	0	0	0	5,746,632
Extracurricular Activities	9,857	0	0	0	0	9,857
Miscellaneous	27,628	0	0	0	0	27,628
Total Revenues	15,959,748	300,559	1,380,035	1,568,208	2,939,046	22,147,596
Expenditures						
Current:						
Instruction:						
Regular	675,551	0	0	0	2,618	678,169
Special	6,018,653	0	0	0	844,695	6,863,348
Student Intervention Services	1,025,194	0	276,140	0	332,537	1,633,871
Support Services:						
Pupils	3,943,753	231,804	253,049	0	666,383	5,094,989
Instructional Staff	1,379,561	0	776,574	1,459,637	463,739	4,079,511
Board of Education	26,129	0	0	0	0	26,129
Administration	865,706	68,755	65,552	71,484	123,547	1,195,044
Fiscal	501,651	0	62,459	58,793	46,301	669,204
Operation and Maintenance of Plant	60,711	0	11,661	24,145	63,424	159,941
Pupil Transportation	0	0	2,340	0	10,236	12,576
Central	319,315	0	2,638	0	158,499	480,452
Operation of Non-Instructional Services	50,075	0	57,333	0	41,566	148,974
Extracurricular Activities	6,496	0	0	0	19,410	25,906
Debt Service:						
Principal Retirement	14,309	0	0	0	0	14,309
Interest	5,092	0	0	0	0	5,092
Total Expenditures	14,892,196	300,559	1,507,746	1,614,059	2,772,955	21,087,515
Net Change in Fund Balance	1,067,552	0	(127,711)	(45,851)	166,091	1,060,081
Fund Balances (Deficits) at Beginning of Year	3,830,774	0	(9,054)	1,131	(45,500)	3,777,351
Fund Balances (Deficits) at End of Year	$4,898,326	$0	($136,765)	($44,720)	$120,591	$4,837,432

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$1,060,081
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation / amortization:		
Capital Asset Additions	223,432	
Depreciation / Amortization Expense	(59,660)	163,772
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Intergovernmental Revenues	225,687	
Charges for Services and Sales	31,883	
Tuition and Fees	960	
Investment Earnings	1,194	259,724
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Leases		14,309
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pensions	1,843,530	
OPEB	80,192	1,923,722
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities/asset are reported as pension/OPEB expense in the statement of activities.		
Pensions	163,794	
OPEB	497,628	661,422
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:		
Vacation Benefits Payable	(20,133)	
Sick Leave Benefits Payable	(182,295)	(202,428)
Change in Net Position of Governmental Activities		$3,880,602

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	Custodial	
	External Investment Pool	Other Custodial
Assets		
Equity in Pooled Cash and Cash Equivalents	$1,211,264	$0
Cash and Cash Equivalents in Segregated Accounts	0	3,768,785
Investments in Segregated Accounts	0	18,594,904
Accounts Receivable	0	3,718
Cash and Cash Equivalents with Fiscal Agents	59,191	0
Total Assets	$1,270,455	$22,367,407
Liabilities		
Accounts Payable	$59,191	$3,718
Net Position		
Held in Trust for Pool Participants	$1,211,264	$0
Restricted for Individuals, Organizations, and Other Governments	0	22,363,689
Total Net Position	$1,211,264	$22,363,689

See accompanying notes to the basic financial statements

Muskingum Valley Educational Service Center, Ohio

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2023

	Custodial	
	External Investment Pool	Other Custodial
Additions		
Investment Earnings	$22,395	($244,363)
Capital Transactions:		
Amounts Invested	988,793	
Amounts Distributed	(521,786)	
Net Capital Transactions	467,007	
Amounts Received as Fiscal Agent		78,516,143
Total Additions	489,402	78,271,780
Deductions		
Distributions as Fiscal Agent	0	81,338,651
Total Deductions	0	81,338,651
Change in Fiduciary Net Position	489,402	(3,066,871)
Net Position Beginning of Year	721,862	25,430,560
Net Position End of Year	$1,211,264	$22,363,689

See accompanying notes to the basic financial statements

Note 1 – Description of the Education Service Center and Reporting Entity

The Muskingum Valley Educational Service Center (the Educational Service Center) is located in Zanesville, Ohio. The Educational Service Center operates programs in Coshocton, Hocking, Morgan, Muskingum, Noble, Perry and Tuscarawas Counties. The Educational Service Center provides supervisory, special education, administrative, cooperative classes, multi-handicapped programming, preschool, and other services to Caldwell Exempted Village School District, East Muskingum Local School District, Franklin Local School District, Logan-Hocking Local School District, Maysville Local School District, Morgan Local School District, New Lexington City School District, Northern Local School District, Ridgewood Local School District, River View Local School District, West Muskingum Local School District, Coshocton City School District, Coshocton County Career Center, Mid-East Career and Technology Centers, and Newcomerstown Exempted Village School District. The Educational Service Center furnishes leadership and consulting services designed to strengthen the school districts in areas they are unable to finance or staff independently.

The Muskingum Valley Educational Service Center operates under a locally elected Board form of government consisting of seven members elected at-large for staggered four-year terms. The Educational Service Center has 138 support staff employees and 139 certified personnel that provide services to the school districts.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Educational Service Center are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Educational Service Center. For the Muskingum Valley Educational Service Center, this includes general operations and student related activities.

The Educational Service Center participates in the Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Regional Council of Governments (OME-RESA), Coalition of Rural and Appalachian Schools, and the Ohio Coalition of Equity and Adequacy of School Funding, which are defined as jointly governed organizations. The Educational Service Center also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, the Schools of Ohio Risk Sharing Authority, and the Ohio School Benefits Cooperative, which are defined as insurance purchasing pools. These organizations are presented in Notes 15 and 16.

Component Units

Component units are legally separate organizations for which the Educational Service Center is financially accountable. The Educational Service Center is financially accountable for an organization if the Educational Service Center appoints a voting majority of the organization's governing board and (1) the Educational Service Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Educational Service Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Educational Service Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Educational Service Center in that the Educational Service Center approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. No separate governmental units meet the criteria for inclusion as a component unit.

Note 2 – Summary of Significant Account Policies

The financial statements of the Educational Service 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 more significant of the Educational Service Center's accounting policies are described below.

Basis of Presentation

The Educational Service 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.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Educational Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the Educational Service Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Educational Service Center has no business-type activities.

The statement of net position presents the cash balance, inventory, prepaid items, capital assets and debt of the governmental activities of the Educational Service Center at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the Educational Service Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Educational Service Center.

Fund Financial Statements During the fiscal year, the Educational Service Center segregates transactions related to certain Educational Service Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Educational Service Center at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

> **General Fund** The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Educational Service Center for any purpose, provided it is expended and transferred according to the general laws of Ohio.
>
> **Tele-Mental Health Grant Special Revenue Fund** The Tele-Mental Health Grant Special Revenue Fund accounts for and reports grant monies which are restricted for facilitating a project to provide telehealth and teletherapy services and equipment to rural school districts in Ohio.
>
> **Elementary and Secondary School Emergency Relief (ESSER) Fund** This fund accounts for and reports emergency relief grants to the Educational Service Center in response to the COVID-19 pandemic. Grant restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training, and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.
>
> **Special Education Special Revenue Fund** The Special Education Grant Special Revenue Fund accounts for and reports grant monies which are restricted for facilitating special instruction within the Educational Service Center's districts.

The other governmental funds of the Educational Service Center account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the Educational Service Center has no proprietary funds.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Educational Service Center has an external investment pool that accounts for all the fiscal activities of the "Ohio Coalition for Equity and Adequacy of School Funding". The Educational Service Center's custodial fund accounts for the activity of the Ohio School Benefits Cooperative, which is a claims servicing and purchasing pool, both of which the Educational Service Center acts as the fiscal agent.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Educational Service Center are included on the statement of net position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position.

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 and current liabilities 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

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 and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, 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 Educational Service Center, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the Educational Service Center receives value without directly giving equal value in return, include grants, entitlements, and donations. On the accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, provided the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Educational Service Center must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Educational Service Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Educational Service Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

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 assets that applies to a future period and will not be recognized until that time. For the Educational Service Center, deferred inflows of resources include pension, OPEB plans, and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Educational Service Center, unavailable revenue includes tuition and fees, charges for services and sales, and grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Deposits and Investments

To improve cash management, cash received by the Educational Service Center is pooled. Monies for all funds, excluding the agency funds, are maintained in these accounts or temporarily used to purchase short term investments. Individual fund integrity is maintained through Educational Service Center records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

The Educational Service Center has a segregated bank account for monies held separate from the Educational Service Center’s central bank account. This account maintains monies received in the Educational Service Center’s capacity as fiscal agent for the Ohio School Benefits Cooperative. This interest bearing depository account is presented on the financial statements as “Cash and Cash Equivalents in Segregated Accounts” since it is not deposited into the Educational Service Center treasury.

During fiscal year 2023, investments were limited to negotiable certificates of deposit. Investments in negotiable certificates of deposits are reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings credited to the General Fund during fiscal year 2023 amounted to $87,574, which includes $72,987 assigned from other Educational Service Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Educational Service Center are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Receivables and Payables

Receivables and payables on the Educational Service Center's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

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 an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of instructional materials held for resale.

Capital Assets

The Educational Service Center's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets which are discussed following this disclosure) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Educational Service Center was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their acquisition values as of the date received. The Educational Service Center maintains a capitalization threshold of one thousand dollars. The Educational Service 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 capitalized.

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

Description	Estimated Lives
Land Improvements	15-30 years
Buildings and Improvements	15-30 years
Furniture, Fixtures, and Equipment	3-15 years

The Educational Service Center is reporting intangible right to use assets related to leased buildings. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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 Educational Service Center will compensate the employees for the benefits through paid time off or some other means. The Educational Service Center records a liability for accumulated unused vacation time when earned for all employees. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities since vacation time must be used within a year of being earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Educational Service Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Educational Service Center's termination policy. The Educational Service Center records a liability for accumulated unused sick leave for all employees after ten years of service with one of the State retirement systems.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, leases, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Educational Service Center are reported as restricted.

Fund Balance

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

> ***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
>
> ***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
>
> ***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.
>
> ***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Educational Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or an Educational Service Center official delegated that authority by resolution or State Statute. State statute authorizes the Educational Service Center’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Educational Service 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 the amounts in any of the unrestricted fund balance classifications could be used.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), 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, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Educational Service Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Educational Service Center applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Restricted Net Pension for OPEB Plans represent the corresponding asset amounts after considering the related deferred outflows and deferred inflows.

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 – Changes in Accounting Principles

For fiscal year 2023, the Educational Service Center implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements; and GASB Statement No. 99, Omnibus 2022.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Educational Service Center did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Educational Service Center did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Educational Service Center did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Note 4 – Fund Deficits

The following special revenue funds had deficit fund balances as of June 30, 2023:

Public School Preschool	$98
Miscellaneous State Grants	10,248
Governor's Emergency Education Relief	4,739
21st Century	28,224
Title I	4,228
EHA Preschool Handicap	14,189
Miscellaneous Federal Grants	4,398

The deficits were the result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 – Deposits and Investments

Monies held by the Educational Service Center are classified by State statute into three categories.

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

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

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

Interim monies held by the Educational Service Center may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided 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); and

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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Educational Service Center, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Educational Service Center will not be able to recover deposits or collateral securities that are in the possession of an outside party.

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Rating	Percent of Total Investments
Fair Value - Level 2 Inputs:				
Negotiable Certificates of Deposit	$98,914	Less Than 1 Year	N/A	15.75%
Negotiable Certificates of Deposit	211,166	Less Than 3 Years	N/A	33.62%
Negotiable Certificates of Deposit	90,918	Less Than 4 Years	N/A	14.47%
Negotiable Certificates of Deposit	227,147	Less Than 5 Years	N/A	36.16%
Total Investments	$628,145			100.00%

The Educational Service 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 Educational Service Center investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk The Educational Service Center's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Educational Service Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The credit ratings for the Educational Service Center's securities are listed above. The Educational Service Center has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Educational Service Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Educational Service Center has no investment policy dealing with investment custodial risk beyond the requirement in State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The Educational Service Center places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Note 6 – State Funding

The Service Center, under State law, provides services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the Service Center is considered to be provided services. The cost of the services is determined by formula under State law. The State Department of Education apportions the costs for all services among the Service Center's city, local and exempted school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State Foundation Program settlements and remits the amount to the Service Center. The Service Center may provide additional services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the client school districts.

Beginning in fiscal year 2022, the Service Center received funding from the State Department of Education using a new funding model which is based on student count. Any change in funding were subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023. This amount is paid from State resources. The State Department of Education also deducts from the State Foundation Program settlement of each of the Service Center's local and client school districts an amount equal to $6.50 times the school district's total student count and remits this amount to the Service Center.

The Service Center may contract with city, exempted village, local, joint vocational or cooperative education school districts to provide special education and related services or career-technical education services. The individual boards of education pay the costs for these services directly to the Service Center.

Note 7 – Interfund Balances

Interfund balances at June 30, 2023, represent $697,976 due to the General Fund from Major Special Revenue Funds and Non-Major Special Revenue Funds for cash deficits and $240,435 due to General Fund from Major Special Revenue Funds and Non-Major Special Revenue Funds for administration services.

	Receivable	Payable
General Fund	$938,411	$0
Major Special Revenue Funds:		
Elementary and Secondary Schools Emergency Relief	0	252,879
Special Education	0	236,410
Non-Major Special Revenue Funds:		
Public Preschool	0	14,356
Miscellaneous State Grants	0	33,597
Governor's Emergency Education Relief	0	89,662
21st Century	0	123,106
Title I	0	4,461
EHA Preschool Handicap Grant	0	85,362
Miscellaneous Federal Grants	0	98,578
Total All Funds	$938,411	$938,411

Note 8 – Receivables

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

A summary of intergovernmental receivables follows:

	Amounts
Special Education	$382,233
Title I	7,454
Public Preschool	14,454
EHA Preschool Handicap	71,763
Elementary and Secondary Schools Emergency Relief	343,674
Governor's Emergency Education Relief	94,401
21 st Century	173,918
Miscellaneous Federal Grants	108,828
Miscellaneous State Grants	47,777
Customer Sales and Services	824,854
Miscellaneous Reimbursements	84,953
	$2,154,309

Note 9 – Capital Assets

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

	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023
Nondepreciable Capital Assets				
Land	$10,840	$0	$0	$10,840
Depreciable Capital Assets				
Land Improvements	10,359	0	0	10,359
Buildings and Improvements	323,514	16,770	0	340,284
Intangible Right to Use - Buildings **	268,625	0	0	268,625
Furniture, Fixtures, and Equipment	1,203,405	206,662	0	1,410,067
Total Depreciable Capital Assets	1,805,903	223,432	0	2,029,335
Less Accumulated Depreciation				
Land Improvements	(4,145)	(629)	0	(4,774)
Buildings and Improvements	(204,833)	(11,099)	0	(215,932)
Intangible Right to Use - Buildings	(17,500)	(17,500)	0	(35,000)
Furniture, Fixtures, and Equipment	(912,796)	(30,432)	0	(943,228)
Total Accumulated Depreciation	(1,139,274)	(59,660) *	0	(1,198,934)
Depreciable Capital Assets, Net of Accumulated Depreciation	666,629	163,772	0	830,401
Governmental Activities Capital Assets, Net	$677,469	$163,772	$0	$841,241

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,586
Special	6,653
Student Intervention Services	10,832
Support Services:	
Pupils	5,636
Instructional Staff	20,260
Administration	8,493
Operation and Maintenance	3,749
Central	2,451
Total Depreciation Expense	$59,660

** Of the current year depreciation total of $59,660, $17,500 is presented as instructional staff expense on the Statement of Activities related to the Educational Service Center's intangible asset of a building, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 10 – Risk Management

The Educational Service Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Educational Service Center participated with other school districts in the Schools of Ohio Risk Sharing Authority (SORSA), a public entity insurance purchasing pool. Each individual school district enters into an agreement with SORSA and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The Educational Service Center pays this annual premium to SORSA. (See Note 16)

The types and amounts of coverage provided by the SORSA are as follows:

Building and Contents ($1,000 deductible)	
Building	$3,369,289
Personal Property	100,000
Valuable Paper and Records	1,000,000
Accounts Receivable	1,000,000
Extra Expense	1,000,000
Business Income	2,000,000
Earthquake ($50,000 deductible)	2,000,000
Crime Insurance ($1,000 deductible)	
Employee Theft	1,000,000
Forgery or Alteration	1,000,000
Computer Fraud	1,000,000
Inland Marine (deductible waived)	
Electronic Data Processing Media and Data Reproduction	1,250,000
Fleet Insurance (deductible waived)	
Automobile Liability (per occurrence)	15,000,000
Uninsured Motorists (per occurrence)	1,000,000
General Liability (deductible waived)	
Per Occurrence	15,000,000
Aggregate Limit	17,000,000
Educational Legal Liability for General Liability (deductible waived)	
Errors and Omissions	
Per Occurrence	15,000,000
Aggregate Limit	15,000,000

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

For fiscal year 2023, the Educational Service Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the Educational Service Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 11 – Defined Benefits Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the Educational Service Centers'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 Educational Service Center's obligation for this liability to annually required payments. The Educational Service Center cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Educational Service 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 proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – The Educational Service Centers' 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 percent for the first thirty years of service and 2.5 percent 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 percent and with a floor of 0 percent. 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 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Educational Service Center is required to contribute 14 percent 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 percent for plan members and 14 percent 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 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Educational Service Center's contractually required contribution to SERS was $611,722 for fiscal year 2023. Of this amount, $64,701 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The Educational Service Center's 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 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The Educational Service Center's contractually required contribution to STRS was $1,231,808 for fiscal year 2023. Of this amount, $155,932 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09682890%	0.06105512%	
Prior Measurement Date	0.09995490%	0.06743887%	
Change in Proportionate Share	-0.00312600%	-0.00638375%	
Proportionate Share of the Net Pension Liability	$5,237,260	$13,572,631	$18,809,891
Pension Expense	($744,836)	$581,042	($163,794)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$212,114	$173,748	$385,862
Changes of assumptions	51,677	1,624,236	1,675,913
Net difference between projected and actual earnings on pension plan investments	0	472,298	472,298
Changes in Proportionate Share and difference between Educational Service Center contributions and proportionate share of contributions	0	10,891	10,891
Educational Service Center contributions subsequent to the measurement date	611,722	1,231,808	1,843,530
Total Deferred Outflows of Resources	$875,513	$3,512,981	$4,388,494
Deferred Inflows of Resources			
Differences between expected and actual experience	$34,382	$51,919	$86,301
Changes of assumptions	0	1,222,583	1,222,583
Net difference between projected and actual earnings on pension plan investments	182,757	0	182,757
Changes in Proportionate Share and difference between Educational Service Center contributions and proportionate share of contributions	490,723	3,067,623	3,558,346
Total Deferred Inflows of Resources	$707,862	$4,342,125	$5,049,987

$1,843,530 reported as deferred outflows of resources related to pension resulting from Center's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($411,906)	($1,083,332)	($1,495,238)
2025	(74,804)	(1,174,255)	(1,249,059)
2026	(261,072)	(1,179,852)	(1,440,924)
2027	303,711	1,376,487	1,680,198
Total	($444,071)	($2,060,952)	($2,505,023)

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent 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.

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 percent. 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 percent). 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 Educational Service Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, 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 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Educational Service Center's proportionate share of the net pension liability	$7,708,997	$5,237,260	$3,154,855

Actuarial Assumptions – STRS

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

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 percent of rates for males and 100 percent 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 July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the Educational Service Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Educational Service Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the Educational Service 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 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Educational Service Center's proportionate share of the net pension liability	$20,503,303	$13,572,631	$7,711,427

Note 12 - Defined Benefit OPEB Plans

See Note 11 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Educational Service Center's 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 percent 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Educational Service Center's surcharge obligation was $80,192.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Educational Service Center's contractually required contribution to SERS was $80,192 for fiscal year 2023. Of this amount $80,192 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

OPEB Liabilities/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Educational Service Center's proportion of the net OPEB liability (asset) was based on the Educational Service 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	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.09896890%	0.06105512%	
Prior Measurement Date	0.10279320%	0.06743887%	
Change in Proportionate Share	-0.00382430%	-0.00638375%	
Proportionate Share of the:			Total
Net OPEB Liability	$1,389,533	$0	$1,389,533
Net OPEB (Asset)	$0	($1,580,920)	($1,580,920)
OPEB Expense	($224,680)	($272,948)	($497,628)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$11,682	$22,918	$34,600
Changes of assumptions	221,023	67,342	288,365
Net difference between projected and actual earnings on OPEB plan investments	7,222	27,520	34,742
Changes in Proportionate Share and difference between Educational Service Center contributions and proportionate share of contributions	115,056	46,000	161,056
Educational Service Center contributions subsequent to the measurement date	80,192	0	80,192
Total Deferred Outflows of Resources	$435,175	$163,780	$598,955
Deferred Inflows of Resources			
Differences between expected and actual experience	$888,848	$237,424	$1,126,272
Changes of assumptions	570,414	1,121,025	1,691,439
Changes in Proportionate Share and difference between Educational Service Center contributions and proportionate share of contributions	1,111,425	17,149	1,128,574
Total Deferred Inflows of Resources	$2,570,687	$1,375,598	$3,946,285

$80,192 reported as deferred outflows of resources related to OPEB resulting from Educational Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($473,654)	($350,654)	($824,308)
2025	(494,372)	(339,360)	(833,732)
2026	(489,951)	(171,064)	(661,015)
2027	(354,580)	(72,504)	(427,084)
2028	(189,791)	(92,544)	(282,335)
Thereafter	(213,356)	(185,692)	(399,048)
Total	($2,215,704)	($1,211,818)	($3,427,522)

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, are presented as follows:

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

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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent 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 percent for males and adjusted 122.5 percent 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 percent, 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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. 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 percent of projected covered payroll each year, which includes a 1.50 percent 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 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

Sensitivity of the Educational Service Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability 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%)
Educational Service Center's proportionate share of the net OPEB liability	$1,725,822	$1,389,533	$1,118,058

	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%)
Educational Service Center's proportionate share of the net OPEB liability	$1,071,580	$1,389,533	$1,804,833

Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent 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 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 percent of rates for males and 100 percent 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent 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 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the Educational Service Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Educational Service Center's proportionate share of the net OPEB asset	($1,461,519)	($1,580,920)	($1,683,197)

	1% Decrease	Current Trend Rate	1% Increase
Educational Service Center's proportionate share of the net OPEB asset	($1,639,799)	($1,580,920)	($1,506,600)

Note 13 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administration employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 180 days for employees working 182 days to 191 days, 192 days for employees working 192 days to 201 days, and 202 days for employees working 202 days. Upon retirement, payment is made for accrued, but unused sick leave credit to a maximum of 40 days for employees working 182 to 191 days and 45 days for employees working 192 days or more.

Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2023, five board members have elected Social Security. The contribution rate is 6.2 percent of wages.

Insurance Benefits

The Educational Service Center provides medical/surgical insurance through Medical Mutual of Ohio for all eligible employees. The Educational Service Center pays between 75 to 100 percent of the cost of both the individual plans and the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

Dental insurance is offered to employees through Trustmark for all eligible employees. The Educational Service Center pays between 80 to 90 percent of the cost of both the individual plans and the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

Vision insurance is offered to employees through VSP for all eligible employees. The Educational Service Center pays between 80 to 90 percent of the cost of both the individual plans and the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

The Educational Service Center pays the total cost for life insurance for its employees. Life insurance is provided through Sun Life Insurance.

Note 14 – Long-Term Obligations

The changes in the Educational Service Center's long-term obligations during fiscal year 2023 were as follows:

	Outstanding 06/30/2022	Additions	Deletions	Outstanding 06/30/2023	Due Within One Year
Governmental Activities:					
Leases	$254,597	$0	$14,309	$240,288	$14,595
Net Pension Liability:					
STRS	8,622,666	4,949,965	0	13,572,631	0
SERS	3,688,047	1,549,213	0	5,237,260	0
Total Net Pension Liability	12,310,713	6,499,178	0	18,809,891	0
Net OPEB Liability - SERS	1,945,445	0	555,912	1,389,533	0
Sick Leave Benefits Payable	1,069,476	197,014	14,719	1,251,771	30,575
Total Governmental Activities Long Term Liabilities	$15,580,231	$6,696,192	$584,940	$21,691,483	$45,170

Leases The Educational Service Center has outstanding agreement to lease building space. The future lease payments were discounted based on the interest rate implicit in the lease or using the Educational Service Center's incremental borrowing rate. These discounts are being amortized using the interest method over the life of the lease. These leases will be paid from the General Fund. A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$14,595	$4,806	$19,401
2025	14,887	4,514	19,401
2026	15,184	4,216	19,400
2027	15,488	3,912	19,400
2028	15,798	3,603	19,401
2029-2033	83,857	13,146	97,003
2034-2037	80,479	3,754	84,233
	$240,288	$37,951	$278,239

Compensated absences will be paid from the General Fund.

There are no repayment schedules for the net pension and the net OPEB liabilities. However, employer pension and OPEB contributions are made from the following funds: General Fund, and Public School Preschool, Alternative Education, State Support Team, IDEA-B, IDEA Preschool, and 21st Century Collaborative Special Revenue Funds. For additional information related to the net pension and net OPEB liabilities, see Notes 11 and 12.

Note 15 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) Information Technology Center Regional Council of Governments

The Educational Service Center is a participant in the Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Regional Council of Governments (OME-RESA). OME-RESA was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district. The board exercised total control over the operations of OME-RESA including budgeting, appropriating, contracting, and designing management. Each participant's control is limited to its representation on the board. OMERESA provides information technology and internet access to member districts, as well as cooperative purchasing programs.

During fiscal year 2023, the amount paid to OME-RESA from the Educational Service Center was $16,083 for cooperative purchasing, technology, internet access, financial accounting services, and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Ste.2, Steubenville, Ohio 43952.

Coalition of Rural and Appalachian School

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for Educational Service Center administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for Educational Service Center personnel. The Educational Service Center membership fees were $325 during fiscal year 2023. The financial information for the Coalition can be obtained from the Executive Director, at Patton Hall 322, 1 Ohio University, Athens, Ohio 45701.

Ohio Coalition for Equity and Adequacy of School Funding

The Ohio Coalition for Equity and Adequacy of School Funding is a regional council of governments established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives may be appointed by the Chairperson. The Educational Service Center's membership fee was $3,000 for fiscal year 2023. The Educational Service Center serves as the fiscal agent of the Coalition and financial activity of the Coalition is reported as a custodial fund as discussed in Note 19.

Note 16 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Educational Service Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Educational Service Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

Schools of Ohio Risk Sharing Authority

The Educational Service Center is a member of the Schools of Ohio Risk Sharing Authority, Inc. (SORSA), a risk sharing pool serving school districts in Ohio. SORSA was formed as an Ohio non-profit corporation for the purpose of administering a joint self insurance pool and assisting members to prevent and reduce losses and injuries to School District persons and property which might result in claims being made against members of SORSA. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, equipment breakdown, cyber liability, and educators' errors and omissions liability insurance. Each member school district has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the corporation are managed by an elected board of not more than nine directors. Only superintendents, assistant treasurers, treasurers, or business managers of member school districts are eligible to serve on the board. No school district may have more than one representative on the board at any time. Each member school district's control over the budgetary and financing of SORSA is limited to its voting authority and any representative it may have on the board of directors. Financial information can be obtained from SORSA at 555 Metro Place North, Suite 645, Dublin, Ohio 43017.

Ohio School Benefits Cooperative

The Educational Service Center participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool composed of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine-member Board of Directors, all of whom must be Educational Service Center and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages for their employees and the eligible dependents, and designated beneficiaries of such employees, and propose to have certain other eligible Educational Service Center or groups of Educational Service Centers join them for the same purposes. Participants pay a $500 membership fee to OSBC. OSBC offers two options to participants.

Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The OSBC's business and affairs are conducted by a nine-member Board of Directors consisting of Educational Service Center superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC. On October 1, 2006, the Educational Service Center elected to participate in the joint insurance purchasing program for medical, prescription drug, and dental coverage.

Note 17 - Contingencies

Grants

The Educational Service Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the 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 adverse effect on the overall financial position of the Educational Service Center at June 30, 2023.

Litigation

The Educational Service Center is not currently party to litigation.

Note 18 – Significant Commitments

Encumbrances are commitments to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds	
General Fund	$319,485
Elementary and Secondary School Emergency Relief Fund	104,199
Special Education Fund	117,498
Other Nonmajor Governmental Funds	980,364
Total All Funds	$1,521,546

Note 19 – External Investment Pool

Effective June 25, 2004, the Educational Service Center began to serve as fiscal agent for the Ohio Coalition of Equity and Adequacy of School Funding (the Coalition), a legally separate entity. The Educational Service Center pooled the moneys of the Coalition with its own for investment purposes. Participation in the pool is voluntary. The external investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant will be allocated a pro rata share of each investment at fair value, along with the pro rata share of the interest that it earns. Condensed financial information for the investment pool follows:

Statement of Net Position
June 30, 2023

Assets:	
Equity in Pooled Cash and Cash Equivalents	$6,943,589
Net Position Held in Trust for Pool Participants:	
Internal Portion	$5,732,325
External Portion	1,211,264
Total Net Position Held in Trust for Pool Participants	$6,943,589

Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Additions:	
Interest Earnings	$111,163
Capital Transactions	1,381,869
Total Additions	1,493,032
Deductions:	
Distributions paid to Participants	(111,163)
Total Increase in Net Position	1,381,869
Net Position at Beginning of Year	5,561,720
Net Position at End of Year	$6,943,589

Deposits

Protection of the Educational Service 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.

The Educational Service 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 Educational Service 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 percent of the deposits being secured; or

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

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2023, the Educational Service Center received COVID-19 funding. The Educational Service Center will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

This page intentionally left blank.

Muskingum Valley Educational Service Center, Ohio
Required Supplementary Information
Schedule of the Educational Service Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
Educational Service Center's Proportion of the Net Pension Liability	0.09682890%	0.09995490%	0.12635740%	0.14974560%
Educational Service Center's Proportionate Share of the Net Pension Liability	$5,237,260	$3,688,047	$8,357,544	$8,959,542
Educational Service Center's Covered Payroll	$3,628,621	$3,365,143	$4,290,571	$5,167,067
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.33%	109.60%	194.79%	173.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.14604170%	0.13558160%	0.12755800%	0.12335640%	0.12256700%	0.12256700%
$8,364,079	$8,100,701	$9,336,068	$7,038,836	$6,203,046	$7,288,666
$4,935,644	$4,390,600	$3,996,229	$3,759,621	$3,592,633	$3,093,411
169.46%	184.50%	233.62%	187.22%	172.66%	235.62%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Muskingum Valley Educational Service Center, Ohio
Required Supplementary Information
Schedule of the Educational Service Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
Educational Service Center's Proportion of the Net Pension Liability	0.06105512%	0.06743887%	0.07777259%	0.08533888%
Educational Service Center's Proportionate Share of the Net Pension Liability	$13,572,631	$8,622,666	$18,818,199	$18,872,181
Educational Service Center's Covered Payroll	$7,773,850	$8,091,771	$9,335,393	$10,121,814
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.59%	106.56%	201.58%	186.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.08486673%	0.08153057%	0.08220609%	0.08196196%	0.07795173%	0.08196196%
$18,660,288	$19,367,762	$27,543,634	$22,651,888	$18,960,558	$22,585,693
$9,723,064	$9,016,386	$8,603,150	$8,690,129	$8,127,986	$7,579,840
191.92%	214.81%	320.16%	260.66%	233.27%	297.97%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Muskingum Valley Educational Service Center, Ohio

Required Supplementary Information

Schedule of the Educational Service Center 's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1)**

	2023	2022	2021
Educational Service Center's Proportion of the Net OPEB Liability	0.09896890%	0.10279320%	0.12781760%
Educational Service Center's Proportionate Share of the Net OPEB Liability	$1,389,533	$1,945,445	$2,777,896
Educational Service Center's Covered Payroll	$3,628,621	$3,365,143	$4,290,571
Educational Service Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.29%	57.81%	64.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.15325570%	0.14776180%	0.13770110%	0.12918260%
$3,854,060	$4,099,311	$3,695,536	$3,682,182
$5,167,067	$4,935,644	$4,390,600	$3,996,229
74.59%	83.06%	84.17%	92.14%
15.57%	13.57%	12.46%	11.49%

Muskingum Valley Educational Service Center, Ohio

Required Supplementary Information

Schedule of the Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio

*Last Seven Fiscal Years (1)**

	2023	2022	2021
Educational Service Center's Proportion of the Net OPEB Liability	0.06105512%	0.06743887%	0.07777259%
Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset)	($1,580,920)	($1,421,893)	($1,366,848)
Educational Service Center's Covered Payroll	$7,773,850	$8,091,771	$9,335,393
Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.34%	-17.57%	-14.64%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.08533888%	0.08486673%	0.08153057%	0.08228609%
($1,413,416)	($1,363,721)	$3,181,022	$4,400,681
$10,121,814	$9,723,064	$9,016,386	$8,603,150
-13.96%	-14.03%	35.28%	51.15%
174.70%	176.00%	47.10%	37.30%

Muskingum Valley Educational Service Center, Ohio
Required Supplementary Information
Schedule of the Educational Service Center's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$611,722	$508,007	$471,120	$600,680
Contributions in Relation to the Contractually Required Contribution	(611,722)	(508,007)	(471,120)	(600,680)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service Center Covered Payroll (1)	$4,369,443	$3,628,621	$3,365,143	$4,290,571
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$80,192	$64,430	$64,773	$66,489
Contributions in Relation to the Contractually Required Contribution	(80,192)	(64,430)	(64,773)	(66,489)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.84%	1.78%	1.92%	1.55%
Total Contributions as a Percentage of Covered Payroll (2)	15.84%	15.78%	15.92%	15.55%

(1) The Educational Service Center's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$697,554	$666,312	$614,684	$559,472	$495,518	$497,939
(697,554)	(666,312)	(614,684)	(559,472)	(495,518)	(497,939)
$0	$0	$0	$0	$0	$0
$5,167,067	$4,935,644	$4,390,600	$3,996,229	$3,759,621	$3,592,633
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$118,421	$102,740	$75,592	$65,009	$94,333	$65,716
(118,421)	(102,740)	(75,592)	(65,009)	(94,333)	(65,716)
$0	$0	$0	$0	$0	$0
2.29%	2.08%	1.72%	1.63%	2.51%	1.83%
15.79%	15.58%	15.72%	15.63%	15.69%	15.69%

Muskingum Valley Educational Service Center, Ohio
Required Supplementary Information
Schedule of the Educational Service Center's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$1,231,808	$1,088,339	$1,132,848	$1,306,955
Contributions in Relation to the Contractually Required Contribution	(1,231,808)	(1,088,339)	(1,132,848)	(1,306,955)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service Center Covered Payroll	$8,798,629	$7,773,850	$8,091,771	$9,335,393
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$1,417,054	$1,361,229	$1,262,294	$1,204,441	$1,216,618	$1,056,638
(1,417,054)	(1,361,229)	(1,262,294)	(1,204,441)	(1,216,618)	(1,056,638)
$0	$0	$0	$0	$0	$0
$10,121,814	$9,723,064	$9,016,386	$8,603,150	$8,690,129	$8,127,986
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$81,280
0	0	0	0	0	(81,280)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, 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 percent of rates for males and 100 percent of rates for females, 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.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no setback from age 90 and above.

Changes in Benefit Term – STRS Pension

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. 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 was decreased. The assumed mortality, disability, retirement, withdrawal, and future healthcare cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age-based (2.5 percent to 12.50 percent) to service-based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 2020.

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

For fiscal year 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 percent to 1.984 percent 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 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

This page intentionally left blank.

Supplemental Information

Muskingum Valley Educational Service Center, Ohio

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget (Non-GAAP Basis) and Actual

General Fund

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$915,798	$915,798	$763,672	($152,126)
Investment Earnings	21,000	21,000	110,895	89,895
Tuition and Fees	9,047,610	9,047,610	9,269,390	221,780
Charges for Services	4,117,672	4,117,672	5,039,351	921,679
Extracurricular Activities	7,800	7,800	9,857	2,057
Miscellaneous	1,558,128	1,558,128	25,214	(1,532,914)
Total Revenues	15,668,008	15,668,008	15,218,379	(449,629)
Expenditures				
Current:				
Instruction:				
Regular	717,756	717,756	677,676	40,080
Special	5,935,993	5,935,993	5,782,860	153,133
Student Intervention Services	544,093	544,093	980,028	(435,935)
Support Services:				
Pupils	4,004,541	4,004,541	3,907,410	97,131
Instructional Staff	1,767,023	1,767,023	1,346,876	420,147
Board of Education	30,069	30,069	23,053	7,016
Administration	789,972	789,972	887,847	(97,875)
Fiscal	499,148	499,148	539,268	(40,120)
Operation and Maintenance of Plant	66,144	66,144	181,455	(115,311)
Central	661,081	661,081	360,305	300,776
Operation of Non-Instructional Services:				
Community Services	107,381	107,381	108,385	(1,004)
Extracurricular Activities	19,286	19,286	6,262	13,024
Total Expenditures	15,142,487	15,142,487	14,801,425	341,062
Excess of Revenues Over Expenditures	525,521	525,521	416,954	(108,567)
Other Financing Source				
Proceeds from Sale of Capital Assets	500	500	0	(500)
Net Change in Fund Balance	526,021	526,021	416,954	(109,067)
Fund Balance Beginning of Year	4,374,542	4,374,542	4,374,542	0
Prior Year Encumbrances Appropriated	162,822	162,822	162,822	0
Fund Balance End of Year	$5,063,385	$5,063,385	$4,954,318	($109,067)

See notes to supplemental information

Muskingum Valley Educational Service Center, Ohio

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tele-Mental Health Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$0	$0	$0	$0
Expenditures				
Current:				
Support Services:				
Pupils	1,821,214	1,821,214	925,166	896,048
Administration	51,578	51,578	58,508	(6,930)
Fiscal	13,400	13,400	0	13,400
Total Expenditures	1,886,192	1,886,192	983,674	902,518
Net Change in Fund Balance	(1,886,192)	(1,886,192)	(983,674)	902,518
Fund Balance Beginning of Year	13,399	13,399	13,399	0
Prior Year Encumbrances Appropriated	946,355	946,355	946,355	0
Fund Balance End of Year	($926,438)	($926,438)	($23,920)	$902,518

See notes to supplemental information

Muskingum Valley Educational Service Center, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief (ESSER) Special Revenue Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$3,589,216	$3,589,216	$1,307,337	($2,281,879)
Expenditures				
Current:				
Instruction:				
Student Intervention Services	664,211	664,211	286,609	377,602
Support Services:				
Pupils	572,335	572,335	246,965	325,370
Instructional Staff	1,774,870	1,774,870	765,862	1,009,008
Administration	152,152	152,152	65,654	86,498
Fiscal	165,962	165,962	71,613	94,349
Operation and Maintenance of Plant	27,024	27,024	11,661	15,363
Pupil Transportation	5,794	5,794	2,500	3,294
Central	6,366	6,366	2,747	3,619
Operation of Non-Instructional Services:				
Community Services	110,771	110,771	47,798	62,973
Total Expenditures	3,479,485	3,479,485	1,501,409	1,978,076
Net Change in Fund Balance	109,731	109,731	(194,072)	(303,803)
Fund Balance (Deficit) Beginning of Year	(115,341)	(115,341)	(115,341)	0
Prior Year Encumbrances Appropriated	5,610	5,610	5,610	0
Fund Balance (Deficit) End of Year	$0	$0	($303,803)	($303,803)

See notes to supplemental information

Muskingum Valley Educational Service Center, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$1,760,856	$1,760,856	$1,658,601	($102,255)
Expenditures				
Current:				
Support Services:				
Instructional Staff	1,346,123	1,346,123	1,519,463	(173,340)
Administration	74,336	74,336	83,908	(9,572)
Fiscal	55,483	55,483	62,628	(7,145)
Operation and Maintenance of Plant	21,777	21,777	24,581	(2,804)
Total Expenditures	1,497,719	1,497,719	1,690,580	(192,861)
Net Change in Fund Balance	263,137	263,137	(31,979)	(295,116)
Fund Balance (Deficit) Beginning of Year	(374,558)	(374,558)	(374,558)	0
Prior Year Encumbrances Appropriated	111,421	111,421	111,421	0
Fund Balance (Deficit) End of Year	$0	$0	($295,116)	($295,116)

See notes to supplemental information
See accountants compilation report

Note 1 – Budgetary Process

There are no budgetary requirements for educational service centers identified in the Ohio Revised Code nor does the State Department of Education specify any budgetary guidelines to be followed. The Educational Service Center adopts its budget on or before the start of the new fiscal year. Included in the budget are estimated resources and expenditures for each fund. Upon review by the Educational Service Center's Board, the annual appropriation resolution is adopted. After the start of the fiscal year, the estimated resources are revised to include the actual beginning of the fiscal year fund balances and accepted by the Board. Both the estimated resources and appropriations may be amended or supplemented throughout the year as circumstances warrant.

Appropriations

The annual appropriation resolution is enacted by the Educational Service Center at the fund level of expenditures, which are the levels of budgetary control. Prior to the passage of the annual appropriation measure, the Educational Service Center may pass a temporary appropriation measure to meet the ordinary expenditures of the Educational Service Center. The appropriation resolution, by fund, must be within the estimated resources and the total expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Educational Service Center. The Educational Service Center may pass supplemental appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the budget approved by the State Department of Education. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

Budgetary Basis of Accounting

The Educational Service Center's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP).

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 (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).

4. Reclassification of excess of expenditures over revenues into financial statement fund types represents the perspective difference between GAAP basis statements and budget basis statements due to the combining of additional funds (Public School Support) on a GAAP basis but not including them on the budget basis.

5. Prepaid items are reported on the balance sheet (GAAP basis) but not on the budget basis.

6. Fair market value changes are reported on the "Statement of Revenues, Expenditures, and Changes in Fund Balance" (GAAP Basis), but not on a budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Tele-Mental Health Grant, ESSER Grant, and the Special Education Grant Special Revenue Fund:

Net Change in Fund Balance

	General Fund	Tele-Mental Health Grant	ESSER Grant	Special Education Grant
GAAP Basis	$1,067,552	$0	($127,711)	($45,851)
Net Adjustment for:				
Revenue Accruals	(720,851)	(300,559)	(72,698)	90,393
Expenditure Accruals	775,356	10,291	117,845	53,939
Fair Market Value:				
Beginning of Fiscal Year	8,534	0	0	0
End of Fiscal Year	31,855	0	0	0
Prepaid Items:				
Beginning of Fiscal Year	223,907	0	0	0
End of Fiscal Year	(239,903)	0	(7,309)	(12,962)
Negative Cash Advances				
Beginning of Fiscal Year	(1,084,425)	0	0	0
End of Fiscal Year	697,976	0	0	0
To reclassify excess of revenues over expenditures into financial statement fund types	(23,562)	0	0	0
Encumbrances	(319,485)	(693,406)	(104,199)	(117,498)
Budget Basis	$416,954	($983,674)	($194,072)	($31,979)

This page intentionally left blank.

MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER
MUSKINGUM COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education and Workforce:			
Title I Grants to Local Educational Agencies	84.010	2022	$2,978
		2023	22,034
Total Title I Grants to Local Educational Agencies			25,012
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027		
Parent Mentor Grant		2022	4,067
Parent Mentor Grant		2023	20,296
Individuals with Disabilities Education Act		2022	154,423
Individuals with Disabilities Education Act		2023	1,075,069
Early Literacy SSIP (IDEA)		2022	10,033
Early Literacy SSIP (IDEA)		2023	75,790
Urban Regional Literacy		2022	13,527
Urban Regional Literacy		2023	94,875
OEC Plan Implementation/State Development Team		2023	125,000
Total Special Education - Grants to States			1,573,080
Special Education - Preschool Grants	84.173		
IDEA Early Childhood Special Education		2023	(26,573)
Early Learning - Discretionary		2022	10,587
Early Learning - Discretionary		2023	73,742
Early Literacy SSIP		2022	3,011
Early Literacy SSIP		2023	22,548
Total Special Education - Preschool Grants			83,315
Total Special Education Cluster (IDEA)			1,656,395
School-Based Mental Health Service	84.184H	2022	(64,416)
		2023	441,102
Total School-Based Mental Health Service			376,686
Twenty - First Century Community Learning Centers	84.287	2022	170,691
		2023	567,812
Total Twenty - First Century Community Learning Centers			738,503
Supporting Effective Instruction State Grants	84.367	2022	700
Striving Readers Comprehensive Literacy Program	84.371	2022	10,543
		2023	78,923
Total Striving Readers Comprehensive Literacy Program			89,466
COVID-19 Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief Fund:	84.425C		
GEER - Governors Emergency Education Relief Fund		2022	16,597
GEER II - Governors Emergency Education Relief Fund		2023	145,019
Total COVID-19 Governor's Emergency Education Relief Fund			161,616
COVID-19 Elementary and Secondary School Emergency Relief Fund:	84.425D		
RemotEdx Industry Recognized Credentials Grant		2022	24,730
ESSER ESC Family Engagement Liaisons		2022	3,723
Total COVID-19 Elementary and Secondary School Emergency Relief Fund			28,453
COVID-19 ARP Elementary and Secondary School Emergency Relief - Homeless Children and Youth:	84.425W		
ARP Homeless		2022	50
ARP Homeless		2023	32,578
Total COVID-19 ARP Elementary and Secondary School Emergency Relief - Homeless Children and Youth			32,628
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund:	84.425U		
Literacy: Adolescent Literacy		2022	126,013
Family & Community Partner Liaison		2023	97,275
Extended Learning and Recovery		2023	563,243
Literacy: ESCs to Support Structured Literacy		2023	3,240
Ohio Personalized Learning Network		2023	93,776
ARP ESSER After School		2023	317,077
ARP ESSER After School - Expand		2023	135,502
Total COVID-19 ARP Elementary and Secondary School Emergency Relief Fund			1,336,126
Total COVID-19 Education Stabilization Fund:			1,558,823
Total U.S. Department of Education			4,445,585
Total Expenditures of Federal Awards			**$4,445,585**

The accompanying notes are an integral part of this Schedule.

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Muskingum Valley Educational Service Center (the Educational Service Center) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Educational Service Center, it is not intended to and does not present the financial position or changes in net position of the Educational Service Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The Educational Service Center did not provide funds to subrecipients during the audit period.

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Muskingum Valley Educational Service Center
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To 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 *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskingum Valley Educational Service Center, Muskingum County, (the Educational Service Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Educational Service Center's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

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

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Muskingum Valley Educational Service Center
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Muskingum Valley Educational Service Center's, Muskingum County, (the Educational Service Center) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Muskingum Valley Educational Service Center's major federal program for the year ended June 30, 2023. Muskingum Valley Educational Service Center's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on COVID-19 Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Muskingum Valley Educational Service Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 Education Stabilization Fund for the year ended June 30, 2023.

Basis for Qualified Opinion

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

We are required to be independent of the 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 qualified and unmodified opinions on compliance for the major federal program. Our audit does not provide a legal determination of the Educational Service Center's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on COVID-19 Education Stabilization Fund

As described in Finding 2023-001 in the accompanying Schedule of Findings, the Educational Service Center did not comply with requirements regarding Equipment and Real Property Management applicable to its AL# 84.425C, 84.425D, 84.425U and 84.425W COVID-19 Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the Educational Service Center to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The Educational Service Center's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Educational Service Center's compliance with the requirements of the major federal program as a whole.

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Educational Service Center's response to the noncompliance finding identified in our compliance audit described in the accompanying Corrective Action Plan. The Educational Service Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2023-001, to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Educational Service Center's response to the internal control over compliance finding identified in our audit described in the accompanying Corrective Action Plan. The Educational Service Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

This page intentionally left blank.

MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	COVID-19 Education Stabilization Fund – AL# 84.425C, 84.425D, 84.425U, 84.425W
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

Federal Equipment Management

Finding Number:	**2023-001**
Assistance Listing Number and Title:	**AL# 84.425C, 84.425D, 84.425U, 84.425W COVID-19 Education Stabilization Fund**
Federal Award Identification Number / Year:	**None / 2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Equipment and Real Property Management**
Pass-Through Entity:	**Ohio Department of Education and Workforce**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for **2 C.F.R. § 200.313(d)(1)**, which requires that property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Award Identification Number (FAIN)), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

Due to a failure of internal controls, the Educational Service Center's inventory listing/capital asset records for equipment acquired under the Education Stabilization Fund were not complete and accurate. We identified three equipment items purchased in fiscal year 2023 that exceeded the Educational Service Center's federal equipment threshold of $1,000 which were not included on the listing. We also identified four separate equipment items inadvertently recorded twice on the listing, with two separate identification numbers, however there was only one of each item purchased.

The Educational Service Center should establish and implement policies and procedures to properly track equipment purchased with Federal funds in accordance with 2 C.F.R. §200.313(d). To effectively control equipment and maintain accountability over expenditures, the Educational Service Center should ensure all equipment is properly identified and recorded on their inventory and/or capital asset listing. Failure to do so could result in the Educational Service Center tracking an incorrect number and/or amount of assets, and misuse being undetected in a timely manner. Additionally, a physical inventory should be performed, at a minimum, once every two years to verify that equipment held per the inventory/capital asset listing actually exist and adequate documentation is maintained to support an inspection was performed. This will assist in detecting errors, fraud, theft, or omissions.

Officials' Response: See Corrective Action Plan.

Muskingum Valley Educational Service Center
A Nationally Accredited Educational Service Center

Lori Snyder-Lowe, Superintendent

Zanesville
205 N. 7th Street
Zanesville, Ohio 43701
P: 740-452-4518
F: 740-455-6702

New Lexington
1605 Airport Road
New Lexington, Ohio 43764
P: 740-342-3502
F: 740-342-1961

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2023

Finding Number: 2023-001

Planned Corrective Action: I believe we did enter all the details of the items. Part of entering items into the inventory system includes entering the description, serial number where available/applicable, source of funding (If purchased from Federal Funds those Funds were identified in the system, we also identified the FAIN when possible), acquisition date, cost, use and location. When items are disposed of, we enter the disposal date, any proceeds and reason in the system.

We did attempt to enter all the items by scanning purchases periodically throughout the year, however, we must have missed a couple items. Although we apparently missed a couple, we made an honest attempt to pick up and enter all items. We plan to correct this by reviewing purchases each week as purchase orders are paid and compiling the assets continuously throughout the year, rather than at periodic times during the year.

For the duplicated items entered, we had one person being trained on the process and both the trainer and trainee entered these four items into the inventory system. Going forward, we will only have one person entering items utilizing one list and individual fixed asset addition worksheets. This process will be a better way of double checking to ensure items are not duplicated in the inventory asset records.

Anticipated Completion Date: 06/30/2024
Responsible Contact Person: Danielle Devoll

Connect Create Contribute

OHIO AUDITOR OF STATE
KEITH FABER

MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER

MUSKINGUM 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 4/4/2024

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