STARK COUNTY
EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2024

Zupka & Associates

Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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800-282-0370

Governing Board
Stark County Educational Service Center
6057 Strip Ave. N
North Canton, Ohio 44720

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2025

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STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Stark County Educational Service Center
Stark County
6057 Strip Ave NW
North Canton, Ohio 44720

To the Members of the Governing Board:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stark County Educational Service Center, Stark County, Ohio, (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Stark County Educational Service Center as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Center's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

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The management's discussion and analysis of the Stark County Educational Service Center's ("the ESC") financial performance provides an overall review of the ESC's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the ESC'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 ESC's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The ESC's net position of governmental activities decreased $782,562 which represents a 3.72% decrease from 2023's net position.

- General revenues accounted for $2,579,189 in revenue or 4.89% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $50,126,362 or 95.11% of total revenues of $52,705,551.

- The ESC had $53,488,113 in expenses related to governmental activities; all of these expenses were offset by program specific charges for services, grants or contributions.

- The ESC has two major governmental fund, the general fund and the other grants fund. The general fund had $42,346,501 in revenues and $40,495,581 in expenditures. During fiscal 2024, the general fund's fund balance increased $1,850,920 from a balance of $7,881,683 to $9,732,603.

- The other grants fund had $6,612,953 in revenues and $6,317,168 in expenditures. During fiscal 2024, the other grants fund's fund balance increased $295,785 from a deficit of $689,646 to a deficit of $393,861.

Using these Basic Financial Statements (BFS)

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

The statement of net position and statement of activities provide information about the activities of the whole ESC, presenting both an aggregate view of the ESC'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 ESC's most significant funds with all other nonmajor funds presented in total in one column. In the case of the ESC, the general fund and other grants fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the ESC as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the ESC to provide programs and activities, the view of the ESC as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the ESC's net position and changes in that position. This change in net position is important because it tells the reader that, for the ESC as a whole, the financial position of the ESC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include increased or decreased services desired by school districts, state budget cuts, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the ESC's programs and services, including instruction, support services, and other operations.

Reporting the ESC's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the ESC's major fund. The ESC uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the ESC's most significant funds. The ESC's major governmental funds are the general fund and the other grants fund.

Governmental Funds

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

Reporting the ESC's Fiduciary Responsibilities

The ESC is the fiscal agent of the area A-site, Stark/Portage Area Computer Consortium ("SPARCC"), the Stark County Schools Council of Government and the Stark County Family Council. This activity is presented as fiduciary funds. These activities are excluded from the ESC's other financial statements because the assets cannot be utilized by the ESC to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

The ESC as a Whole

The statement of net position provides the perspective of the ESC as a whole. The table below provides a summary of the ESC's net position for June 30, 2024 and June 30, 2023.

Net Position

	Governmental Activities 2024	Governmental Activities 2023
Assets		
Current and other assets	$ 19,450,410	$ 17,983,160
Net OPEB asset	2,921,855	3,287,519
Capital assets, net	5,830,781	6,842,000
Total assets	28,203,046	28,112,679
Deferred outflows of resources		
Pensions	14,444,762	10,806,896
OPEB	2,692,759	1,233,357
Total deferred outflows of resources	17,137,521	12,040,253
Liabilities		
Current liabilities	6,942,528	6,545,211
Long-term liabilities:		
Due within one year	387,791	357,710
Due in more than one year:		
Net pension liability	44,061,907	38,243,606
Net OPEB liability	3,555,323	2,686,983
Other amounts	4,398,947	4,282,285
Total liabilities	59,346,496	52,115,795
Deferred inflows of resources		
Pensions	2,462,817	3,317,416
OPEB	5,377,062	5,782,967
Total deferred inflows of resources	7,839,879	9,100,383
Net position		
Net investment in capital assets	3,026,492	3,810,558
Restricted	3,675,904	1,719,058
Unrestricted (deficit)	(28,548,204)	(26,592,862)
Total net position	$ (21,845,808)	$ (21,063,246)

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

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

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

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

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

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

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

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

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the ESC's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $21,845,808.

Total assets include a net OPEB asset reported by STRS.

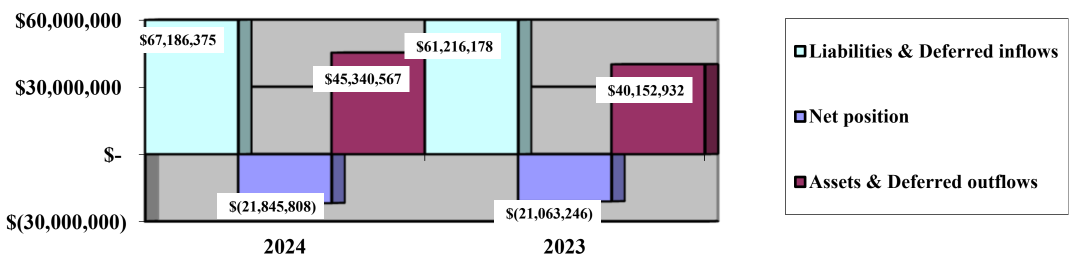
At year-end, capital assets represented 20.67% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use assets. The ESC's net investment in capital assets at June 30, 2024 was $3,026,492. These capital assets are used to provide services to the students and are not available for future spending. Although the ESC's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The most significant liabilities for the ESC are the net pension liability and the net OPEB liability. These liabilities are outside of the control of the ESC. The ESC contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to ESC's employees, not the ESC.

A portion of the ESC's net position, $3,675,904, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of $28,548,204.

The graph below illustrates the ESC's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2024 and 2023.

Governmental Activities



The table below shows the changes in net position for governmental activities between 2024 and 2023.

Change in Net Position

	Governmental Activities 2024	Governmental Activities 2023
Revenues		
Program revenues:		
Charges for services and sales	$ 44,564,937	$ 42,319,537
Operating grants and contributions	5,561,425	5,804,386
General revenues:		
Grants and entitlements	1,876,518	1,780,099
Investment earnings	438,523	144,822
Other	264,148	11,629
Total revenues	$ 52,705,551	$ 50,060,473

- - Continued

Change in Net Position (Continued)

	Governmental Activities 2024	Governmental Activities 2023
Expenses		
Program expenses:		
Instruction:		
Regular	$ 1,255,121	$ 593,728
Special	19,269,700	16,873,152
Support services:		
Pupil	13,644,361	12,137,817
Instructional staff	6,494,183	6,976,112
Board of education	56,530	40,474
Administration	4,156,241	3,556,800
Fiscal	1,009,077	1,000,288
Business	1,338,669	1,209,064
Operations and maintenance	449,435	734,297
Pupil transportation	47,127	42,341
Central	107,570	145,926
Operations of non-instructional services:		
Food service operations	188,108	193,776
Other non-instructional services	5,356,849	4,762,530
Extracurricular	30,234	37,378
Interest and fiscal charges	84,908	91,347
Total expenses	53,488,113	48,395,030
Change in net position	(782,562)	1,665,443
Net position at beginning of year	(21,063,246)	(22,728,689)
Net position at end of year	$ (21,845,808)	$ (21,063,246)

Governmental Activities

Net position of the ESC's governmental activities decreased $782,562. For fiscal year 2024, the ESC reported total governmental expenses of $53,488,113, program revenues of $50,126,362, and general revenues of $2,579,189. Program revenues covered 93.71% of the governmental expenses.

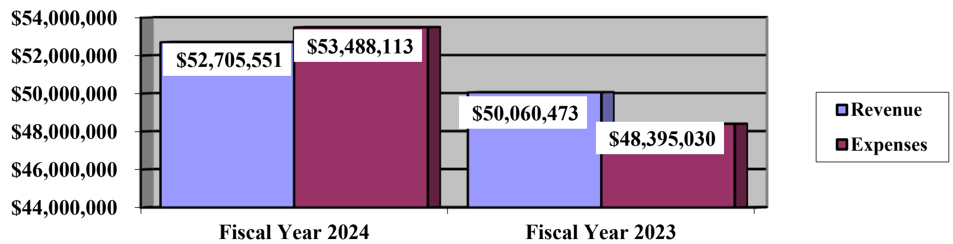
Governmental activities revenue increased approximately $2.65 million. This is primarily due to two factors. First of all, during fiscal year 2024, the ESC provided more/less services to area school districts, which resulted in an increase in general fund revenue. Next, the Emergency Assistance for Non-Public Schools (EANS) program, which began in fiscal year 2022, saw increased activity in fiscal year 2024. This program provides emergency funding to non-public schools through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) of 2021 and the American Rescue Plan Act (ARP Act) of 2021. This is accounted for in the other grants fund. Operating grants and contributions decreased during fiscal year 2024 compared to the prior year because COVID-19 relief grants such as the ESSER and GEER programs were winding down.

The primary sources of revenue for governmental activities are derived from contracted fees for services provided to other entities and tuition. This revenue source represents 84.55% of total governmental revenue.

Overall, expenses of the governmental activities increased $5,093,083 or 10.53%. This increase was the result of the ESC providing more services to the school districts and other entities it serves, and the expansion of the EANS program, described on the previous page.

The graph below presents the ESC's governmental activities revenue and expenses for fiscal years 2024 and 2023.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements, and other general revenues not restricted to a specific program.

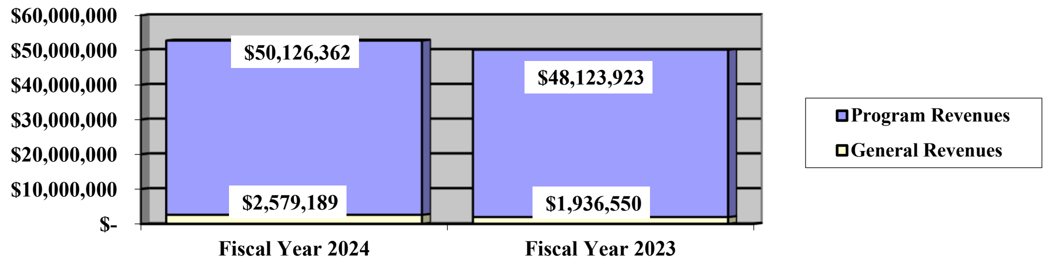
Governmental Activities

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Program expenses				
Instruction:				
Regular	$ 1,255,121	$ 1,223,835	$ 593,728	$ 486,301
Special	19,269,700	903,560	16,873,152	(581,157)
Support services:				
Pupil	13,644,361	(345,226)	12,137,817	(236,369)
Instructional staff	6,494,183	(317,981)	6,976,112	(143,143)
Board of education	56,530	56,530	40,474	33,974
Administration	4,156,241	81,465	3,556,800	(98,701)
Fiscal	1,009,077	62,657	1,000,288	17,862
Business	1,338,669	93,548	1,209,064	88,164
Operations and maintenance	449,435	411,565	734,297	635,756
Pupil transportation	47,127	(65,386)	42,341	(151,637)
Central	107,570	103,976	145,926	143,172
Operations of non-instructional services:				
Food service operations	188,108	33,947	193,776	15,686
Other non-instructional services	5,356,849	1,024,579	4,762,530	(25,387)
Extracurricular	30,234	9,774	37,378	(4,761)
Interest and fiscal charges	84,908	84,908	91,347	91,347
Total	$ 53,488,113	$ 3,361,751	$ 48,395,030	$ 271,107

For fiscal year 2024 program revenues supported 93.72% of governmental activities. The primary support of the ESC is contracted fees for services provided to other districts.

The graph below presents the ESC's governmental activities revenue for fiscal years 2024 and 2023.

Governmental Activities - General and Program Revenues



The ESC's Funds

The ESC's governmental funds reported a combined fund balance of $9,402,718, which is greater than last year's balance of $7,459,087. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance (deficit) June 30, 2024	Fund Balance (deficit) June 30, 2023	Change
Major Fund:			
General	$ 9,732,603	$ 7,881,683	$ 1,850,920
Other grants	(393,861)	(689,646)	295,785
Nonmajor governmental	63,976	267,050	(203,074)
Total	$ 9,402,718	$ 7,459,087	$ 1,943,631

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2024 Amount	2023 Amount	Percentage Change
Revenues			
Tuition and fees	$ 28,244,910	$ 27,858,172	1.39 %
Services provided to other entities	10,781,447	9,954,456	8.31 %
Earnings on investments	437,804	141,054	210.38 %
Intergovernmental	1,951,668	1,837,437	6.22 %
Other revenues	930,672	326,862	184.73 %
Total	$ 42,346,501	$ 40,117,981	5.55 %
Expenditures			
Instruction	$ 18,589,962	$ 16,621,434	11.84 %
Support services	21,259,241	20,298,563	4.73 %
Non-instructional services	171,985	241,595	(28.81) %
Extracurricular	12,068	5,896	104.68 %
Capital outlay	150,264	104,308	44.06 %
Debt service	312,061	306,597	1.78 %
Total	$ 40,495,581	$ 37,578,393	7.76 %

The general fund's revenues increased $2,228,520 from the prior fiscal year. This increase is mainly due to an increase in tuition and fees and services provided to other entities. The ESC's earnings on investments increased due to higher interest rates on the ESC's investments. Expenditures in the general fund increased because the ESC continues to expand services provided to area school districts.

Other Grants Fund

The other grants fund had $6,612,953 in revenues and $6,317,168 in expenditures. During fiscal 2024, the other grants fund's fund balance increased $295,785 from a deficit of $689,646 to a deficit of $393,861. The ESC uses this fund to account for the United Way Family Support Specialists Program and the Emergency Assistance to Non-Public Schools (EANS) Program, among others.

Capital Assets

At the end of fiscal year 2024, the ESC had $5,830,781 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows fiscal 2024 balances compared to 2023.

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

	Governmental Activities	
	2024	2023
Land	$ 111,059	$ 111,059
Land improvements	-	21,252
Buildings and improvements	2,450,616	3,191,362
Furniture and equipment	374,021	397,818
Vehicles	267,724	218,783
Intangible right to use assets	2,627,361	2,901,726
Total	$ 5,830,781	$ 6,842,000

Total additions to capital assets for fiscal year 2024 were $202,877. Total disposals (net of accumulated depreciation) were $715,988. A total of $498,108 in depreciation/amortization expense was recognized for fiscal year 2024.

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

Debt Administration

At June 30, 2024, the ESC had $2,804,289 in leases payable outstanding. $233,828 of this total is due within one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2024	Governmental Activities 2023
Leases payable	$ 2,804,289	$ 3,031,442

See Note 8 to the basic financial statements for additional information on the ESC's debt administration.

Current Financial Related Activities

The ESC, along with the majority of the school districts in Ohio, continues to be challenged to provide a high level of services in a cost-efficient method. As the preceding information shows, the ESC relies heavily on contracts with local, city, and joint vocational school districts in Stark County and surrounding counties, as well as State Foundation revenue and grants. The need for additional services from local and city school districts will provide the ESC with the necessary funds to meet its operating expenses in fiscal year 2024 and for the foreseeable future. However, the ESC needs to make sure it provides a high-level service in a cost-efficient manner in order to retain the districts it serves. Despite generally declining enrollment, the ESC's districts are seeing an ever-growing special needs population. The ESC has been successful in providing special needs services at a competitive rate, but as those programs become full, the challenge is to find both space and staff for program growth. The focus now is to try to find new and creative ways to allow for program expansion while not sacrificing the cost efficiency the Districts appreciate.

In the 2022 and 2023 state biennium budget, the ESC's state funding formula was completely redone and resulted in additional state aid for the first time in over a decade. The new formula is still very reliant on enrollment to drive funding and while the legislature fully approved the new formula, it initially only chose to fund one third of the model. Under the current state biennium budget which began on July 1, 2023, the state continued its commitment to the new model by funding the next one third taking total funding up to two thirds. Also, as part of the renewal, the state agreed to update the funding components that make up the model to account for the high inflation the country has seen over the last few years which resulted in even more funding for almost all K-12 institutions. Unfortunately, ESCs were not included in that additional bump-up. The state chose to fund an additional one third for ESC's, but not give them the benefit of the additional inflationary increase. The hope moving forward is that the state will fully fund the model during the next biennium and adjust funding factors for everyone.

Unfortunately, it appears that the one year increase in students served by the ESC for 2023 was just an abnormality in what has been a decade long trend. Despite the enrollment growth in 2023, the ESC saw a decline in total students served in 2024 from 60,761 to 60,438. This decline is consistent with a ten-year history that averages a 1% decline annually in students served. From 2007 to 2012, when the ESC only served Stark County districts, the ESC saw its average daily membership decline from 63,039 to 60,316. In 2013, membership increased by over 4,000 due to some districts outside of Stark County joining the ESC. However, from 2014 to 2023, total students served dropped by 2,226 even with Carrollton Exempted Village School District choosing to align with the ESC in 2018. Based on this return to a declining enrollment, the overall expectation is for enrollment to continue to decline by about 1% each year for the foreseeable future.

The needs of districts are always changing. Therefore, the ESC is constantly reviewing its programming to make sure it is providing the services districts need and adjusting how they are provided to make sure and maintain a financially solvent operation.

Contacting the ESC's Financial Management

This financial report is designed to provide the citizens, school districts, and investors and creditors with a general overview of the ESC's finances and to show the ESC's accountability for the money it receives. If you have questions about this report or need additional financial information contact James Carman, Treasurer, Stark County ESC, 6057 Strip Avenue NW, North Canton, Ohio 44720 or by calling (330) 492-8136.

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STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2024

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	11,315,773
Receivables:		
Accounts		7,394,531
Accrued interest		9,440
Intergovernmental		682,392
Prepayments		48,274
Net OPEB asset		2,921,855
Capital assets:		
Nondepreciable capital assets		111,059
Depreciable capital assets, net		5,719,722
Capital assets, net		5,830,781
Total assets		28,203,046
Deferred outflows of resources:		
Pension		14,444,762
OPEB		2,692,759
Total deferred outflows of resources		17,137,521
Liabilities:		
Accounts payable		373,565
Accrued wages and benefits		5,358,347
Intergovernmental payable		465,800
Pension and postemployment benefits payable		744,816
Long-term liabilities:		
Due within one year		387,791
Due in more than one year:		
Net pension liability		44,061,907
Net OPEB liability		3,555,323
Other amounts due in more than one year		4,398,947
Total liabilities		59,346,496
Deferred inflows of resources:		
Pension		2,462,817
OPEB		5,377,062
Total deferred inflows of resources		7,839,879
Net position:		
Net investment in capital assets		3,026,492
Restricted for:		
OPEB plans		2,921,855
Montessori school		261,403
Locally funded programs		254,406
State funded programs		276
Federally funded programs		1,785
Food service operations		104,750
Student activities		58,194
Other purposes		73,235
Unrestricted (deficit)		(28,548,204)
Total net position	$	(21,845,808)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 1,255,121	$ -	$ 31,286	$ (1,223,835)
Special	19,269,700	17,817,910	548,230	(903,560)
Support services:				
Pupil	13,644,361	12,998,009	991,578	345,226
Instructional staff	6,494,183	3,354,675	3,457,489	317,981
Board of education	56,530	-	-	(56,530)
Administration	4,156,241	3,901,898	172,878	(81,465)
Fiscal	1,009,077	903,656	42,764	(62,657)
Business	1,338,669	1,245,121	-	(93,548)
Operations and maintenance	449,435	19,285	18,585	(411,565)
Pupil transportation	47,127	112,513	-	65,386
Central	107,570	3,594	-	(103,976)
Operation of non-instructional services:				
Food service operations	188,108	45,016	109,145	(33,947)
Other non-instructional services	5,356,849	4,142,800	189,470	(1,024,579)
Extracurricular activities	30,234	20,460	-	(9,774)
Interest and fiscal charges	84,908	-	-	(84,908)
Totals	$ 53,488,113	$ 44,564,937	$ 5,561,425	(3,361,751)
		General revenues:		
		Grants and entitlements not restricted to specific programs		1,876,518
		Investment earnings		438,523
		Miscellaneous		264,148
		Total general revenues		2,579,189
		Change in net position		(782,562)
		Net position at beginning of year		(21,063,246)
		Net position at end of year		$ (21,845,808)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Other Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 10,822,589	$ -	$ 493,184	$ 11,315,773
Receivables:				
Accounts	6,121,775	1,217,556	55,200	7,394,531
Accrued interest	9,440	-	-	9,440
Intergovernmental	-	-	682,392	682,392
Prepayments	40,949	3,304	4,021	48,274
Due from other funds	522,942	-	-	522,942
Total assets	$ 17,517,695	$ 1,220,860	$ 1,234,797	$ 19,973,352
Liabilities:				
Accounts payable	$ 127,049	$ 246,512	$ 4	$ 373,565
Accrued wages and benefits	4,679,846	438,601	239,900	5,358,347
Compensated absences payable	19,562	-	1,575	21,137
Intergovernmental payable	404,768	8,915	52,117	465,800
Pension and postemployment benefits payable	567,622	135,668	41,526	744,816
Due to other funds	-	87,475	435,467	522,942
Total liabilities	5,798,847	917,171	770,589	7,486,607
Deferred inflows of resources:				
Intergovernmental revenue not available	-	-	345,032	345,032
Accrued interest not available	5,688	-	-	5,688
Charges for services revenue not available	1,980,557	697,550	55,200	2,733,307
Total deferred inflows of resources	1,986,245	697,550	400,232	3,084,027
Fund balances:				
Nonspendable:				
Prepaids	40,949	3,304	4,021	48,274
Unclaimed monies	73,235	-	-	73,235
Restricted:				
Food service operations	-	-	104,747	104,747
State funded programs	-	-	3,880	3,880
Extracurricular	-	-	58,194	58,194
Montessori school	-	-	238,170	238,170
Assigned:				
Student instruction	367,168	-	-	367,168
Student and staff support	437,421	-	-	437,421
Extracurricular activities	80	-	-	80
Facilities acquisition and construction	112,725	-	-	112,725
Subsequent year's appropriations	2,650,794	-	-	2,650,794
Other purposes	7,725	-	-	7,725
Unassigned (deficit)	6,042,506	(397,165)	(345,036)	5,300,305
Total fund balances (deficit)	9,732,603	(393,861)	63,976	9,402,718
Total liabilities, deferred inflows and fund balances	$ 17,517,695	$ 1,220,860	$ 1,234,797	$ 19,973,352

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Total governmental fund balances		$ 9,402,718
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,830,781
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Accounts receivable	$ 2,733,307	
Accrued interest receivable	5,688	
Intergovernmental receivable	345,032	
Total		3,084,027
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	14,444,762	
Deferred inflows - pension	(2,462,817)	
Net pension liability	(44,061,907)	
Deferred outflows - OPEB	2,692,759	
Deferred inflows - OPEB	(5,377,062)	
Net OPEB asset	2,921,855	
Net OPEB liability	(3,555,323)	
Total		(35,397,733)
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.		
Lease obligations	(2,804,289)	
Compensated absences	(1,961,312)	
Total		(4,765,601)
Net position of governmental activities		$ (21,845,808)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Other Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Tuition and fees	$ 28,244,910	$ -	$ 338,823	$ 28,583,733
Contributions from private sources	25,742	428,068	-	453,810
Services provided to other entities	10,781,447	5,408,325	3,594	16,193,366
Intergovernmental	1,951,668	776,560	4,270,209	6,998,437
Investment earnings	437,804	-	-	437,804
Extracurricular	-	-	16,910	16,910
Rental income	19,285	-	-	19,285
Charges for services	-	-	4,143	4,143
Miscellaneous	885,645	-	3,750	889,395
Total revenues	42,346,501	6,612,953	4,637,429	53,596,883
Expenditures:				
Current:				
Instruction:				
Regular	1,179,853	-	31,286	1,211,139
Special	17,410,109	-	977,436	18,387,545
Support services:				
Pupil	12,316,576	826,614	36,252	13,179,442
Instructional staff	2,753,287	59,760	3,431,638	6,244,685
Board of education	56,530	-	-	56,530
Administration	3,562,543	279,463	124,675	3,966,681
Fiscal	900,764	2,681	42,207	945,652
Business	1,244,136	-	-	1,244,136
Operations and maintenance	337,498	-	18,619	356,117
Pupil transportation	38,516	-	-	38,516
Central	49,391	-	2,251	51,642
Operation of non-instructional services:				
Food service operations	107,214	50,300	32,417	189,931
Other non-instructional services	64,771	5,098,350	125,556	5,288,677
Extracurricular activities	12,068	-	18,166	30,234
Facilities acquisition and construction	150,264	-	-	150,264
Debt service:				
Principal retirement	227,153	-	-	227,153
Interest and fiscal charges	84,908	-	-	84,908
Total expenditures	40,495,581	6,317,168	4,840,503	51,653,252
Net change in fund balances	1,850,920	295,785	(203,074)	1,943,631
Fund balances (deficit) at beginning of year	7,881,683	(689,646)	267,050	7,459,087
Fund balances (deficit) at end of year	$ 9,732,603	$ (393,861)	$ 63,976	$ 9,402,718

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds		$ 1,943,631
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	$ 202,877	
Current year depreciation/amortization	(498,108)	
Total		(295,231)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(715,988)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tuition	(333,332)	
Earnings on investments	719	
Services provided to other entities	(568,528)	
Contributions from private sources	(121,789)	
Miscellaneous	24,113	
Intergovernmental	107,485	
Total		(891,332)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		227,153
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,357,417	
OPEB	190,422	
Total		4,547,839
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(5,683,253)	
OPEB	440,881	
Total		(5,242,372)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(356,262)
Change in net position of governmental activities		$ (782,562)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Custodial
Assets:	
Equity in pooled cash	
and cash equivalents	$ 60,788,984
Investments	62,096,074
Receivables:	
Accounts	38,951,381
Accrued interest	268,238
Intergovernmental	334,748
Prepayments	6,915
Total assets	162,446,340
Liabilities:	
Accounts payable	4,831,185
Accrued wages and benefits	31,198
Intergovernmental payable	340,187
Unearned revenue	535,671
Pension and postemployment benefits payable	27,757
Claims payable	39,848,000
Total liabilities	45,613,998
Net position:	
Restricted for:	
Stark County Schools COG	113,007,573
SPARCC	3,158,998
Stark County Family Council	665,771
Total net position	$ 116,832,342

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Custodial
Additions:	
Amounts received as fiscal agent for Stark County Schools COG	$ 477,656,067
Amounts received as fiscal agent for SPARCC	8,320,300
Amounts received as fiscal agent for Stark County Famiy Council	2,326,242
Earnings on Stark County Schools COG investments	3,700,914
Total additions	492,003,523
Deductions:	
Amounts distributed as fiscal agent for Stark County Schools COG	458,063,995
Amounts distributed as fiscal agent for Stark County SPARCC	7,823,527
Amounts distributed as fiscal agent for Stark County Family Council	2,169,927
Total deductions	468,057,449
Change in net position	23,946,074
Net position at beginning of year	92,886,268
Net position at end of year	$ 116,832,342

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE ESC

The Stark County Educational Service Center (the "ESC") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed it by the constitution and laws of the State of Ohio. The ESC supplies supervisory, administrative and other needed services to participating school ESCs.

The Governing Board consists of 5 members elected by the voters of Stark County. This Board acts as the authorizing body for expenditures, policy and procedures, and approves all financial activities. The ESC is staffed by 354 non-certified employees and 364 certified employees to provide services to students throughout Stark and surrounding Counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The ESC is fiscal agent for the Stark County Family Council (the "Council"). The ESC is responsible for receiving and disbursing funds at the direction of the Council. This entity is legally separate from the ESC. The ESC is fiscal agent and custodian for the Council, but is not accountable; therefore, the operations of the Council have been included as a custodial fund in the ESC's basic financial statements. The funds invested on behalf of the Council have been included in the basic financial statements as "equity in pooled cash and cash equivalents."

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

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

JOINTLY GOVERNED ORGANIZATIONS

Stark-Portage Area Computer Consortium ("SPARCC") - SPARCC is a jointly governed organization which provides computer services to the school ESCs within the boundaries of Stark and Portage Counties. Each ESC's superintendent serves as a representative on the Board, which consists of approximately 30 member ESCs. However, SPARCC is primarily governed by a six-member Executive Board, which is made up of three representatives from Stark County, two from Portage County, and a Treasurer. The Board meets monthly to address any current issues.

Stark County Schools Council of Governments ("COG") - The COG is a group purchasing pool. The COG is governed by an Assembly which consists of one representative from each participating school ESC (usually the superintendent or designee). The Assembly elects officers for one year terms to serve as the Board of Directors. The Assembly exercises control over the operation of the COG. All COG revenues are generated from charges for services.

In the case of SPARCC and the COG, the ESC serves as fiscal agent and custodian but is not accountable; therefore, the operations of SPARCC and the COG have been excluded from the ESC's financial statements, but the funds held on behalf of SPARCC and the COG are included as custodial funds.

PUBLIC ENTITY RISK POOLS

Stark County Schools Council of Governments Health Benefit Plan
The Stark County Schools Council of Governments Health Benefit Plan is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Health Benefits Plan is provided through the COG. The COG is governed by an assembly which consists of one representative from each participating school ESC (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the council. All Health Benefits Plan revenues are generated from charges for services received from the participating school ESCs, based on the established premiums for the insurance plans. Each school ESC reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

Stark County Schools Council of Governments Workers' Compensation Group Rating Plan
The Stark County Schools Council of Governments Workers' Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The governing body is comprised of the superintendents and the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the ESC and the other group members. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to CompManagement, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on its payroll percent of the group.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Other grants fund - The other grants fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes. The ESC uses this fund to account for the United Way Family Support Specialists program and the Emergency Assistance to Non-Public Schools (EANS) program, among others.

Other governmental funds of the ESC are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the ESC's ongoing activities which are similar to those often found in the private sector. The ESC has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the ESC under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the ESC's own programs. The ESC has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The ESC's custodial funds account for various resources held for the COG, SPARCC and the Council.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the ESC as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the ESC. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the ESC.

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

Fund Financial Statements - Fund financial statements report detailed information about the ESC. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange 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 ESC, available means expected to be received within sixty days of fiscal year end.

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

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

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

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the ESC, deferred inflows of resources are made up of 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. Unavailable revenue includes, but is not limited to, tuition, accrued interest, services provided to other entities and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Budgets

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

In fiscal year 2004, the ESC's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the ESC is discretionary, the ESC continues to have its Board approve appropriations and estimated resources. The ESC's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the object level for the general fund and at the fund level for all other funds.

F. Cash and Investments

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

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

During fiscal year 2024, investments were limited to federal agency securities, negotiable CD's, commercial paper, U.S. Treasury notes, a corporate note, U.S. Government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost. The ESC has no repurchase agreements.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investments earnings reported in the general fund during fiscal 2024 totaled $437,804, which includes $95,293 assigned from other ESC funds.

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

An analysis of the ESC's investment account at year end is provided in Note 4.

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The ESC maintains a capitalization threshold of $5,000. The ESC does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated/amortized. Improvements are depreciated/amortized over the remaining useful lives of the related capital assets.

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

Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	30 years
Building and improvements	50 years
Furniture and equipment	5 - 10 years
Intangible leased assets	5 - 20 years
Vehicles	5 - 10 years

The ESC is reporting intangible right to use assets related to leased equipment and buildings. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

H. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if (a) the employees' rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and for all employees with at least 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2024 and reduced to the maximum payment allowed by labor contracts and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables and accrued liabilities from the fiduciary funds are reported on the fiduciary fund statements.

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

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

J. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

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

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

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

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

K. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the ESC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

L. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

M. Estimates

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

N. Interfund Activity

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

O. Interfund Balances

Interfund loans that are used to cover negative cash balances or are due to another fund for services provided are classified as "due to/from other funds". These amounts are eliminated in the governmental activities columns of the statement of net position.

P. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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

Q. Fair Value

The ESC 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Governing Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the ESC has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the ESC.

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the ESC.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the ESC.

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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Nonmajor governmental fund balances at June 30, 2024 included the following individual fund deficits:

Nonmajor governmental funds	Deficit
Public school preschool	$ 25,373
ESSER	9,077
Title VI-B	291,572
IDEA handicapped preschool	13,537
Miscellaneous federal grants	2,020

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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 may be deposited or invested in the following securities:

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

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

3. Written repurchase agreements in the securities listed above provided that the 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 that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 on through eligible institutions;

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

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

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

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

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all ESC deposits was $50,961,135. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2024, $53,192,759 of the ESC's bank balance of $53,692,759 was exposed to custodial credit risk as discussed below, while $500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the ESC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The ESC has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the ESC and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, one of the ESC's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS, while the other financial institution was not approved for the reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the ESC to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2024, the ESC had the following investments and maturities:

		Investment maturities				
Measurement/ Investment type	Measurement value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FHLB	$ 12,291,775	$ 494,565	$ 1,921,105	$ 938,825	$ 4,516,112	$ 4,421,168
FHLMC	8,925,773	987,650	1,445,050	6,493,073	-	-
FNMA	4,772,772	-	482,130	3,588,874	701,768	-
FFCB	10,977,702	3,684,940	3,408,200	-	1,864,320	2,020,242
Negotiable CD's	1,537,337	494,417	477,521	236,139	-	329,260
U.S. Treasury notes	23,453,893	2,240,343	1,201,475	237,412	3,163,405	16,611,258
Commercial paper	2,417,258	1,543,358	873,900	-	-	-
Corporate note	19,574	-	-	-	-	19,574
U.S. Government money market	233,114	233,114	-	-	-	-
Amortized cost:						
STAR Ohio	18,610,498	18,610,498	-	-	-	-
Total	$ 83,239,696	$ 28,288,885	$ 9,809,381	$ 11,494,323	$ 10,245,605	$ 23,401,502

The weighted average maturity of investments is 1.24 years.

The ESC's investments in U.S. Government money market mutual funds and mutual fund sweeps are valued using quoted market prices in active markets (Level 1 inputs). The ESC's investments in federal agency securities, a corporate note, negotiable CD's, commercial paper and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: The ESC's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market funds an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The ESC's investments in commercial paper were rated A-1 or A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The ESC's investments in a corporate note were rated AA+ or Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The ESC's investments in negotiable CD's are not rated. The ESC's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ESC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, corporate note, commercial paper and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the ESC's name. The ESC's investments in negotiable CD's are insured by the FDIC. The ESC 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 ESC places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the ESC at June 30, 2024:

Measurement/ Investment type	Measurement value	% of Total
Fair value:		
FHLB	$ 12,291,775	14.77
FHLMC	8,925,773	10.72
FNMA	4,772,772	5.73
FFCB	10,977,702	13.19
Negotiable CD's	1,537,337	1.85
U.S. Treasury notes	23,453,893	28.18
Commercial paper	2,417,258	2.90
Corporate note	19,574	0.02
U.S. Government money market	233,114	0.28
Amortized cost:		
STAR Ohio	18,610,498	22.36
Total	$ 83,239,696	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

Cash and investments per note	
Carrying amount of deposits	$ 50,961,135
Investments	83,239,696
Total	$ 134,200,831
Cash and investments per statement of net position	
Governmental activities	$ 11,315,773
Custodial funds	122,885,058
Total	$ 134,200,831

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2024, as reported on the fund statements, consist of the following amounts due to and due from other funds:

Due to	Due from	Amount
General fund	Nonmajor governmental funds	$ 522,942

The purpose of the amount due to/from other funds is to cover negative cash balances in the other grants fund and in the nonmajor governmental funds. The interfund balance will be repaid once the anticipated revenues are received and is expected to be repaid within one year. There are also amounts due to the general fund for services provided on account.

Interfund balances between governmental funds are eliminated on the statement of net position.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2024 consisted of accounts (billings to school ESCs for user charged services and tuition), intergovernmental grants and accrued interest. All receivables are considered collectible in full. A summary of the principal items of receivables reported in the statement of net position follows:

Governmental activities:	
Accounts	$ 7,394,531
Intergovernmental	682,392
Accrued interest	9,440
Total	$ 8,086,363

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

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NOTE 7 - CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2024, was as follows:

	Balance 06/30/23	Additions	Disposals	Balance 06/30/24
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 111,059	$ -	$ -	$ 111,059
Total capital assets, not being depreciated/amortized	111,059	-	-	111,059
Capital assets, being depreciated/amortized:				
Land improvements	98,252	-	(98,252)	-
Buildings and improvements	4,324,164	8,500	(1,607,173)	2,725,491
Furniture and equipment	890,421	97,697	(70,466)	917,652
Vehicles	313,242	96,680	-	409,922
Intangible right to use:				
Leased building space	3,076,954	-	-	3,076,954
Leased equipment	373,502	-	-	373,502
Total capital assets, being depreciated/amortized	9,076,535	202,877	(1,775,891)	7,503,521
Less: accumulated depreciation/amortization:				
Land improvements	(77,000)	-	77,000	-
Buildings and improvements	(1,132,802)	(54,510)	912,437	(274,875)
Furniture and equipment	(492,603)	(121,494)	70,466	(543,631)
Vehicles	(94,459)	(47,739)	-	(142,198)
Intangible right to use:				
Leased building space	(372,964)	(186,482)	-	(559,446)
Leased equipment	(175,766)	(87,883)	-	(263,649)
Total accumulated depreciation/amortization	(2,345,594)	(498,108)	1,059,903	(1,783,799)
Total capital assets, being depreciated/ amortized, net	6,730,941	(295,231)	(715,988)	5,719,722
Governmental activities capital assets, net	$ 6,842,000	$ (295,231)	$ (715,988)	$ 5,830,781

NOTE 7 - CAPITAL ASSETS - (Continued)

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

Instruction:	
Special	$ 56,717
Support services:	
Pupil	34,516
Instructional staff	85,180
Administration	43,398
Fiscal	33,735
Business	155,910
Operations and maintenance	24,668
Pupil transportation	8,056
Central	55,928
Total depreciation/amortization expense	$ 498,108

NOTE 8 - LONG-TERM OBLIGATIONS

During fiscal year 2024, the following activity occurred in governmental activities long-term obligations:

	Balance 06/30/23	Additions	Reductions	Balance 06/30/24	Amounts Due in One Year
Governmental activities:					
Leases payable	$ 3,031,442	$ -	$ (227,153)	$ 2,804,289	$ 233,828
Net pension liability	38,243,606	5,818,301	-	44,061,907	-
Net OPEB liability	2,686,983	868,340	-	3,555,323	-
Compensated absences	1,608,553	504,453	(130,557)	1,982,449	153,963
Total	$ 45,570,584	$ 7,191,094	$ (357,710)	$ 52,403,968	$ 387,791

Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the ESC, is primarily the general fund.

See Note 10 for a description of the ESC's net pension liability. The ESC pays obligations related to employee compensation from the fund benefitting from their service.

See Note 11 for a description of the ESC's net OPEB liability/asset. The ESC pays obligations related to employee compensation from the fund benefitting from their service.

Leases payable - The ESC has entered into lease agreements for the use of right to use building space and equipment. Due to GASB Statement No. 87, the ESC is reporting an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The ESC has entered into lease agreements for building space and copier equipment at varying years and terms as follows:

Leased asset	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier equipment	2021	4	2025	Monthly
Building space	2018	20	2037	Monthly

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

Fiscal Year	Principal	Interest	Total
2025	$ 233,828	$ 78,233	$ 312,061
2026	169,881	72,043	241,924
2027	150,924	67,621	218,545
2028	166,352	63,120	229,472
2029	182,395	58,004	240,399
2030 - 2034	1,029,067	205,713	1,234,780
2035 - 2038	871,842	46,047	917,889
Total	$ 2,804,289	$ 590,781	$ 3,395,070

NOTE 9 - RISK MANAGEMENT

A. Comprehensive

The ESC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ESC has obtained risk management by traditional means of insuring through a commercial company. With the exception of a deductible, the risk of loss transfers entirely from the ESC to the commercial company. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years. There has been no significant reduction in coverage from the prior fiscal year.

B. Shared Risk Pool

The ESC is a participant in the Stark County Schools Council of Governments ("COG") for the purpose of obtaining benefits at a reduced premium for both health care and workers' compensation.

The ESC's insurance program for health care, through the COG, is administered by Mutual Health Services Company and Aultcare Corporation. Payments are made to the COG for monthly premiums, monthly stop-loss premiums and administrative charges. The ESC is fiscal agent for the COG. The Treasurer of the ESC pays Mutual Health Services Company and Aultcare Corporation monthly for all participating ESCs, the actual amount of claims processed, the stop-loss premium and the administrative charges.

NOTE 9 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The ESC also participates in a program with the COG to obtain workers' compensation coverage. This program is administered by CompManagement, Inc. The experience rating of each of the participating ESCs is calculated as one experience rate and applied to all participants in the program. Premiums paid to the Ohio Bureau of Workers' Compensation are based on this calculation. Total savings are then determined, and each participant's performance is compared to the overall savings percentage of the program. The ESCs will then either receive money back or be required to contribute additional money to the program.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

The net pension/OPEB liability (asset) represent the ESC's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the ESC is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The ESC's contractually required contribution to SERS was $1,204,488 for fiscal year 2024. Of this amount, $125,541 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The ESC's contractually required contribution to STRS was $3,152,929 for fiscal year 2024. Of this amount, $428,853 is reported as pension and postemployment benefits payable.

Net 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ESC's proportion of the net pension liability was based on the ESC's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.185242500%	0.126963970%	
Proportion of the net pension liability current measurement date	0.211907590%	0.150234570%	
Change in proportionate share	0.026665090%	0.023270600%	
Proportionate share of the net pension liability	$ 11,708,986	$ 32,352,921	$ 44,061,907
Pension expense	$ 1,440,612	$ 4,242,641	$ 5,683,253

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2024, the ESC 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	$ 503,278	$ 1,179,519	$ 1,682,797
Changes of assumptions	82,942	2,664,439	2,747,381
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,039,777	4,617,390	5,657,167
Contributions subsequent to the measurement date	1,204,488	3,152,929	4,357,417
Total deferred outflows of resources	$ 2,830,485	$ 11,614,277	$ 14,444,762
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 71,793	$ 71,793
Net difference between projected and actual earnings on pension plan investments	164,580	96,962	261,542
Changes of assumptions	-	2,005,556	2,005,556
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	123,926	-	123,926
Total deferred inflows of resources	$ 288,506	$ 2,174,311	$ 2,462,817

$4,357,417 reported as deferred outflows of resources related to pension resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	$ 354,267	$ 1,176,908	$ 1,531,175
2026	(54,540)	200,706	146,166
2027	1,029,042	4,148,227	5,177,269
2028	8,722	761,196	769,918
Total	$ 1,337,491	$ 6,287,037	$ 7,624,528

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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. Future benefits for all current plan members were projected through 2137.

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, 2023 and June 30, 2022, are presented below:

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

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	$ 17,281,865	$ 11,708,986	$ 7,014,897

Actuarial Assumptions - STRS

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

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

* Final target weights reflected at October 1, 2022.

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

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

Sensitivity of the ESC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	$ 49,751,632	$ 32,352,921	$ 17,638,373

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The ESC 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.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the ESC's surcharge obligation was $190,422.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The ESC's contractually required contribution to SERS was $190,422 for fiscal year 2024. Of this amount, $190,422 is reported as pension and postemployment benefits payable.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The ESC's proportion of the net OPEB liability/asset was based on the ESC's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.191379150%	0.126963970%	
Proportion of the net OPEB liability/asset current measurement date	0.215808280%	0.150234570%	
Change in proportionate share	0.024429130%	0.023270600%	
Proportionate share of the net OPEB liability	$ 3,555,323	$ -	$ 3,555,323
Proportionate share of the net OPEB asset	$ -	$ 2,921,855	$ 2,921,855
OPEB expense	$ (286,445)	$ (154,436)	$ (440,881)

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 7,405	$ 4,555	$ 11,960
Net difference between projected and actual earnings on OPEB plan investments	27,556	5,212	32,768
Changes of assumptions	1,202,159	430,433	1,632,592
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	766,506	58,511	825,017
Contributions subsequent to the measurement date	190,422	-	190,422
Total deferred outflows of resources	$ 2,194,048	$ 498,711	$ 2,692,759
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,833,616	$ 445,661	$ 2,279,277
Changes of assumptions	1,009,745	1,927,800	2,937,545
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	81,439	78,801	160,240
Total deferred inflows of resources	$ 2,924,800	$ 2,452,262	$ 5,377,062

$190,422 reported as deferred outflows of resources related to OPEB resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	$ (457,494)	$ (813,444)	$ (1,270,938)
2026	(380,395)	(402,224)	(782,619)
2027	(185,990)	(160,275)	(346,265)
2028	(97,877)	(214,920)	(312,797)
2029	(55,192)	(197,891)	(253,083)
Thereafter	255,774	(164,797)	90,977
Total	$ (921,174)	$ (1,953,551)	$ (2,874,725)

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2023 and June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.27%
Prior measurement date	4.08%
Medical trend assumption:	
Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The 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 long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 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 was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

Sensitivity of the ESC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net OPEB liability	$ 4,544,720	$ 3,555,323	$ 2,775,143

	1% Decrease	Current Trend Rate	1% Increase
ESC's proportionate share of the net OPEB liability	$ 2,611,973	$ 3,555,323	$ 4,805,390

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2023		June 30, 2022	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net OPEB asset	$ 2,472,968	$ 2,921,855	$ 3,312,788

	1% Decrease	Current Trend Rate	1% Increase
ESC's proportionate share of the net OPEB asset	$ 3,330,929	$ 2,921,855	$ 2,429,132

NOTE 12 - CONTINGENCIES

A. Grants

The ESC receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the ESC.

B. Litigation

There are no claims or lawsuits pending against the ESC that, upon ultimate disposition, would have a material effect, if any, on the financial condition of the ESC.

NOTE 13 - RELATED PARTY TRANSACTIONS

During fiscal year 2024, the ESC earned fees in the amount of $2,256,509 for fiscal agent services provided to the Stark County Schools Council of Governments.

The ESC also serves as fiscal agent for Stark Portage Area Computer Consortium (SPARCC). In lieu of fiscal agent fees, the ESC receives computer services from SPARCC at no charge.

NOTE 14 - STATE AND LOCAL FUNDING

The main sources of revenues of Educational Service Center (ESC) funding are the local funds that are deducted from the state foundation funding of the client ESCs and transferred to the ESC under ORC Sections 3313.843 or 3313.845 as well as state funds that are distributed directly to the ESCs based on parameters listed in Ohio Revised Code (ORC) Sections 265.210 and 265.360. Additionally, ESCs can apply to any state or federal agency for competitive grants.

A. State Funding

ORC Sections 265.210 and 265.360 provide for direct state funding of the ESCs for the general purpose of program maintenance and service delivery to client school ESCs.

<u>State Per-Pupil Funding</u> - One component of state funding is predicated on the per-pupil amounts. The per-pupil amount is applied to the total count of students of the client ESCs these entities serve. The law provides for $45,000,000 in fiscal year 2023, $45,600,000 in fiscal year 2024 and $47,600,000 in fiscal year 2025 for this purpose. As the appropriation for this funding is set and the funding is based on a constant per-pupil amount, it is often necessary and authorized by law for the fund distribution to be prorated in order to stay within the appropriations. As the data changes during the course of a fiscal year, so does the proration rate to maintain the appropriated levels.

HB 110 continued state per-pupil funding for ESCs.

<u>State Gifted Funding</u> - Another component of the state funding of ESCs is for gifted education. Under this section of the law the Ohio Department of Education (ODE) is authorized to set aside $5,357,606 of the total statewide appropriation slated for Foundation Funding for ESC gifted education. ODE is to distribute this funding through the unit-based funding methodology in place under ORC Section 3317.024(L), ORC Section 3317.05(E) and ORC Section 3317.035(A), (B) and (C) as they existed prior to fiscal year 2010. These sections of the law provide for the cost of each gifted unit to be predicated on the salary and fringes of the full time equivalent of the personnel involved at 15% of the salary figure as well as any additional unit allowances the law allows. The law also provides for the proration of the resulting state funding if the appropriation is not sufficient.

NOTE 14 - STATE AND LOCAL FUNDING - (Continued)

In addition to the above-mentioned funding from the state, ESCs also receive funding to cover the costs associated with the transportation of special needs students and for special equipment needed for such transportation. This is based on the actual expenditures reported for prior year in the T-2 report multiplied by the state minimum share of 37.50% for fiscal year 2024.

B. Local Funding

ORC Section 3313.843 Contracts

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

Local Per-Pupil Funding - ORC Section 3313.843(H) provides that pursuant to provisions of ORC Section 3317.023, the ODE annually shall deduct from each school ESC that enters into an agreement with an ESC under this section, a per-pupil amount of $6.50 or an alternative amount in excess of $6.50 if agreed upon by both the ESC and the client ESCs to be paid to the ESC. The per-pupil amount is multiplied by the school age students count of the client ESC as reported on the latest Report Card.

Local Preschool Funding - In addition to services provided to school age children, ESCs can also provide preschool services to children with disabilities who are under the age of 6 and are not enrolled in kindergarten. Under the provisions of ORC 3317.0213, the ODE shall compute and pay additional state aid to school ESCs for preschool children with disabilities. The state funding for preschool services goes directly to the school ESC based on the count of students the ESC reports. The ESC can choose to provide the services itself or contract with an ESC. Preschool funding will be calculated based on parameters specified in ORC Section 3317.0213(A). If the ESC provides the services itself, then the funding will remain with the ESC. If on the other hand, the ESC contracts with an ESC, the calculated funding will be deducted from the foundation payment of the ESC and sent to the ESC.

School ESCs and ESCs can also agree on an alternative payment mechanism, or they can agree on bypassing ODE altogether and base the payments directly from the ESC to the ESC. Should the ESC use these services for the preschool children and have ODE deduct the foundation from its foundation funding, the ESC funding will be based on a constant per-pupil amount of $4,000 applied to the total count of all preschool children with disabilities plus special education per-pupil amounts as specified in the law, applied to each one of the 6 categories of special education preschool children. For this purpose, special education preschool children are classified into 6 categories in accordance with their handicapping condition. The law provides for a unique per-pupil amount for each one of the categories that is applied at 50% strength to the number of children in the respective category. To wealth equalize this funding the law also calls for the application of the state share index which is the measure of the state contribution to the foundation formula of the ESC to this part of the funding calculation.

ORC Section 3313.845 Contracts

Service Contracts - In addition to service contracts under ORC Section 3313.843, ESCs may set up contracts with ESCs for various services based on agreed upon fees beyond those covered by ORC Section 3313.843 contracts. Funds for those contractual services can be deducted from contracting school ESCs' foundation calculation and sent to the appropriate ESCs. To receive payment for these contracts an ESC must furnish the ODE with a copy of the contract or a written statement clearly indicating the amount of the contract for each contracting school ESC. ESCs also have the option of billing school ESCs directly for these contracts instead of having the state deduct the contract amounts from their foundation funding.

NOTE 15 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 828,808
Other grants fund	554,560
Nonmajor governmental funds	57,613
Total	$ 1,440,981

NOTE 16 - 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 2024, the ESC received COVID-19 funding. The ESC will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	ESC's Proportion of the Net Pension Liability	ESC's Proportionate Share of the Net Pension Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.211907590%	$ 11,708,986	$ 8,393,407	139.50%	76.06%
2023	0.185242500%	10,019,355	7,010,093	142.93%	75.82%
2022	0.192188800%	7,091,209	6,634,393	106.89%	82.86%
2021	0.186785810%	12,354,407	6,520,321	189.48%	68.55%
2020	0.177495280%	10,619,854	6,365,304	166.84%	70.85%
2019	0.182717310%	10,464,559	5,754,911	181.84%	71.36%
2018	0.166185430%	9,929,212	5,629,686	176.37%	69.50%
2017	0.166146280%	12,160,375	5,293,500	229.72%	62.98%
2016	0.142467460%	8,129,331	4,555,857	178.44%	69.16%
2015	0.151933900%	7,689,288	4,414,899	174.17%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 1,204,488	$ (1,204,488)	$ -	$ 8,603,486	14.00%
2023	1,175,077	(1,175,077)	-	8,393,407	14.00%
2022	981,413	(981,413)	-	7,010,093	14.00%
2021	928,815	(928,815)	-	6,634,393	14.00%
2020	912,845	(912,845)	-	6,520,321	14.00%
2019	859,316	(859,316)	-	6,365,304	13.50%
2018	776,913	(776,913)	-	5,754,911	13.50%
2017	788,156	(788,156)	-	5,629,686	14.00%
2016	741,090	(741,090)	-	5,293,500	14.00%
2015	600,462	(600,462)	-	4,555,857	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	ESC's Proportion of the Net Pension Liability	ESC's Proportionate Share of the Net Pension Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.150234570%	$ 32,352,921	$ 20,391,057	158.66%	80.02%
2023	0.126963970%	28,224,251	16,678,071	169.23%	78.88%
2022	0.120169490%	15,364,749	14,960,950	102.70%	87.78%
2021	0.118842120%	28,755,564	14,661,686	196.13%	75.48%
2020	0.114504620%	25,322,009	14,053,493	180.18%	77.40%
2019	0.112741440%	24,789,311	12,622,007	196.40%	77.31%
2018	0.104045060%	24,716,127	11,544,836	214.09%	75.30%
2017	0.104218470%	34,885,063	11,037,357	316.06%	66.80%
2016	0.100171190%	27,684,387	10,451,186	264.89%	72.10%
2015	0.090098020%	21,914,957	9,205,531	238.06%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 3,152,929	$ (3,152,929)	$ -	$ 22,520,921	14.00%
2023	2,854,748	(2,854,748)	-	20,391,057	14.00%
2022	2,334,930	(2,334,930)	-	16,678,071	14.00%
2021	2,094,533	(2,094,533)	-	14,960,950	14.00%
2020	2,052,636	(2,052,636)	-	14,661,686	14.00%
2019	1,967,489	(1,967,489)	-	14,053,493	14.00%
2018	1,767,081	(1,767,081)	-	12,622,007	14.00%
2017	1,616,277	(1,616,277)	-	11,544,836	14.00%
2016	1,545,230	(1,545,230)	-	11,037,357	14.00%
2015	1,463,166	(1,463,166)	-	10,451,186	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	ESC's Proportion of the Net OPEB Liability	ESC's Proportionate Share of the Net OPEB Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.215808280%	$ 3,555,323	$ 8,393,407	42.36%	30.02%
2023	0.191379150%	2,686,983	7,010,093	38.33%	30.34%
2022	0.190808960%	3,611,216	6,634,393	54.43%	24.08%
2021	0.184246500%	4,004,279	6,520,321	61.41%	18.17%
2020	0.175261700%	4,407,463	6,365,304	69.24%	15.57%
2019	0.184041380%	5,105,805	5,754,911	88.72%	13.57%
2018	0.171971050%	4,615,251	5,629,686	81.98%	12.46%
2017	0.172326990%	4,911,957	5,293,500	92.79%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 190,422	$ (190,422)	$ -	$ 8,603,486	2.21%
2023	145,720	(145,720)	-	8,393,407	1.74%
2022	135,042	(135,042)	-	7,010,093	1.93%
2021	89,912	(89,912)	-	6,634,393	1.36%
2020	73,049	(73,049)	-	6,520,321	1.12%
2019	107,701	(107,701)	-	6,365,304	1.69%
2018	122,316	(122,316)	-	5,754,911	2.13%
2017	109,137	(109,137)	-	5,629,686	1.94%
2016	109,138	(109,138)	-	5,293,500	2.06%
2015	104,198	(104,198)	-	4,555,857	2.29%

(1) Amounts presented for each fiscal year were determined as of the ESC's measurement date which is the prior year-end.
(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	ESC's Proportion of the Net OPEB Liability/(Asset)	ESC's Proportionate Share of the Net OPEB Liability/(Asset)	ESC's Covered Payroll	ESC's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.150234570%	$ (2,921,855)	$ 20,391,057	14.33%	168.52%
2023	0.126963970%	(3,287,519)	16,678,071	19.71%	230.73%
2022	0.120169490%	(2,533,675)	14,960,950	16.94%	174.73%
2021	0.118842120%	(2,088,649)	14,661,686	14.25%	182.10%
2020	0.114504620%	(1,896,471)	14,053,493	13.49%	174.70%
2019	0.112741440%	(1,811,640)	12,622,007	14.35%	176.00%
2018	0.104045060%	4,059,454	11,544,836	35.16%	47.10%
2017	0.104218470%	5,573,631	11,037,357	50.50%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ -	$ -	$ -	$ 22,520,921	0.00%
2023	-	-	-	20,391,057	0.00%
2022	-	-	-	16,678,071	0.00%
2021	-	-	-	14,960,950	0.00%
2020	-	-	-	14,661,686	0.00%
2019	-	-	-	14,053,493	0.00%
2018	-	-	-	12,622,007	0.00%
2017	-	-	-	11,544,836	0.00%
2016	-	-	-	11,037,357	0.00%
2015	-	-	-	10,451,186	0.00%

(1) Amounts presented for each fiscal year were determined as of the ESC's measurement date which is the prior year-end.
(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

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

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to - 6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from - 6.69% initial - 4.00% ultimate down to - 16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 16.18% initial - 4.00% ultimate to - 68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to - 5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/ *Pass-Through Grantor/* Program or Cluster Title	Assistance Listing Number	Expenditures	Non-Cash \Expenditures
U.S. Department of Agriculture			
Passed through Ohio Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	$ 15,964	$ 1,215
Total Child Nutrition Cluster		15,964	1,215
Child and Adult Care Food Program	10.558	96,234	0
Total U.S. Department of Agriculture		112,198	1,215
U.S. Department of Education			
Passed through Ohio Department of Education			
Special Education Cluster (IDEA):			
Special Education - Grants to States - Early Literacy SSIP (IDEA)	84.027	100,021	0
Special Education - Grants to States - SST	84.027	1,577,333	0
Special Education - Grants to States - Urban Regional Specialist	84.027	134,209	0
Special Education - Preschool Grants	84.173	101,758	0
Special Education - Preschool Grants - SST Early Learning	84.173	106,657	0
Special Education - Preschool Grants - Early Literacy SSIP (ELSR)	84.173	28,478	0
Total Special Education Cluster (IDEA)		2,048,456	0
Title I - Grants to Local Educational Agencies	84.010	73,633	0
Special Education-State Personnel Development	84.323	20,000	0
Comprehensive Literacy State Development	84.371C	92,536	0
English Language Acquisition State Grants	84.365	100,042	0
Educational Stabilization Fund -			
COVID-19 - Governors Emergency Education Relief Fund (GEER)	84.425C	37,598	0
COVID-19 - ARP ESSER	84.425U	1,415,107	0
Total ALN #84.425		1,452,705	0
Total U.S. Department of Education		3,787,372	0
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 3,899,570	$ 1,215

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Stark County Educational Service Center under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Stark County Educational Service Center, it is not intended to and does not present the financial position or changes in net position of the Stark County Educational Service Center.

NOTE 2: **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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: **INDIRECT COST RATE**

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

NOTE 4: **Child Nutrition Cluster**

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Stark County Educational Service Center
Stark County
6057 Strip Ave NW
North Canton, Ohio 44720

To the Members of the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stark County Educational Service Center, Stark County, Ohio, (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

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

Stark County Educational Service Center
Stark County
6057 Strip Ave NW
North Canton, Ohio 44720

To the Members of the Governing Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Stark County Educational Service Center, Stark County, Ohio's (the Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2024. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted an 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 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 Stark County Educational Service Center, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Stark County Educational Service Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the Stark County Educational Service Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Stark County Educational Service Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Stark County Educational Service Center's compliance with the requirements of each major federal program as a whole.

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Stark County Educational Service Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Stark County Educational Service Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Stark County Educational Service Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

2024(i)	Type of Financial Statement Opinion	Unmodified
2024(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2024(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2024(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2024(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2024(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2024(v)	Type of Major Programs' Compliance Opinions	Unmodified
2024(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2024(vii)	Major Programs (list): Special Education Cluster: Special Education Grants to States - ALN #84.027 Special Education Preschool Grants - ALN #84.173	
2024(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others less than $750,000
2024(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS

None.

STARK COUNTY EDUCATIONAL SERVICE CENTER
STARK COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The prior audit report, as of June 30, 2023, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE
KEITH FABER

STARK COUNTY EDUCATIONAL SERVICE CENTER

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/27/2025

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