SOUTHWESTERN OHIO EDUCATIONAL PURCHASING COUNCIL
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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

Executive Board
Southwestern Ohio Educational Purchasing Council
303 Corporate Center Drive
Vandalia, Ohio 45377

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 30, 2024

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Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio

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Rea & associates a brighter way

To the Executive Board
Southwestern Ohio Educational Purchasing Council
303 Corporate Center Drive, Suite 208
Vandalia, Ohio 45377

Independent Auditor's Report

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Southwestern Ohio Educational Purchasing Council, Montgomery County, Ohio, (the "Council") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and fiduciary activities of the Southwestern Ohio Educational Purchasing Council, Montgomery County, Ohio, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 11, the Council restated beginning net position to account for the restructuring of accounting to a sole proprietary fund or enterprise fund. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council '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 Council'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 *Management's Discussion and Analysis*; *Schedule of the Council's Proportionate Share of the Net Pension Liability*, *Schedule of the Council's Contributions - Pension, Schedule of the Council's Proportionate Share of the Net OPEB Liability, Schedule of the Council's Contributions – OPEB, Liability, Fleet and Property Insurance Program – Reconciliation of Claims Liabilities by Type of Contract; Liability, Fleet and Property Insurance Program – Schedule of Claims Development; Self-Insured Medical Insurance Benefits Program – Schedule of Claims Development and Self-Insured Dental and Vision Plan Program – Schedule of Claims Development* 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2023 on our consideration of the Council'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 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 Council'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 Council's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
December 23, 2023

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The discussion and analysis of Southwestern Ohio Educational Purchasing Council's (the Council) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. We encourage the reader to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The total net position of the Council increased $4,207,901 from restated balances.
- During fiscal year 2023, the Council re-evaluated its fund structure and began reporting as a sole or single proprietary fund. See Note 11 for additional details.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect "How the Council did financially during fiscal year 2023?" These statements include all assets and deferred outflows of resources; and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the Council's net position and changes in net position. This change in net position is important because it tells the whether the net position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The Council uses enterprise presentation for all of its activities.

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Statement of Net Position

Table 1 provides a summary of the Council's net position for fiscal years 2023 and 2022. Fiscal year 2022 amounts were restated due to a change in fund structure.

Table 1
Net Position

	2023	Restated 2022	Change
Assets			
Current and Other Assets	$ 95,062,194	$ 86,323,855	$ 8,738,339
Capital Assets	242,651	311,980	(69,329)
Total Assets	95,304,845	86,635,835	8,669,010
Deferred Outflows of Resources			
Pension & OPEB	336,916	352,669	(15,753)
Total Deferred Outflow of Resources	336,916	352,669	(15,753)
Liabilities			
Current and Other Liabilities	46,651,262	41,990,560	4,660,702
Long Term Liabilities	1,896,062	1,713,670	182,392
Total Liabilities	48,547,324	43,704,230	4,843,094
Deferred Inflows of Resources			
Pension & OPEB	552,910	950,648	(397,738)
Total Deferred Inflows of Resources	552,910	950,648	(397,738)
Net Position			
Net Investment in Capital Assets	(4,412)	(2,556)	(1,856)
Restricted	1,072,022	1,079,464	(7,442)
Unrestricted	45,473,917	41,256,718	4,217,199
Total Net Position	$ 46,541,527	$ 42,333,626	$ 4,207,901

The net pension liability (NPL) is the largest single liability reported by the Council at June 30, 2023 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the Council also adopted 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 Council's actual financial condition by adding deferred inflows related to pension and other postemployment benefits (OPEB), the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/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 Council'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 Council is not responsible for certain key factors affecting the balance of these assets/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 asset/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.

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

There was a significant change in net pension/OPEB liability (NPL/NOL) for the Council. These fluctuations are due to changes in the retirement system's unfunded liabilities/assets that are passed through to the Council's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

The increase in current and other assets can be attributed to an increase in operating activities as well as an increase in interest earned on investments. The increase in current and other liabilities can be attributed primarily to an increase in claims payable due to larger claims.

Statement of Revenues, Expenses and Changes in Net Position

The table below shows the changes in net position for the fiscal years ending June 30, 2023 and 2022. This will enable the reader to draw further conclusions about the Council's financial status.

Table 2
Changes in Net Position

	2023	Restated 2022	Change
Operating Revenues:			
Participant Contributions	$ 358,504,615	$ 348,013,094	$ 10,491,521
Excess Insurance Premiums	(4,234,663)	(10,236,242)	6,001,579
Prescription Rebates	27,750,913	24,944,363	2,806,550
Life Insurance Premium Contributions	1,713,908	1,478,727	235,181
Other	2,479,634	1,540,444	939,190
Total Operating Revenues	386,214,407	365,740,386	20,474,021
Operating Expenses:			
Administrative Fees	22,664,442	14,980,207	7,684,235
Claims	358,746,716	336,911,216	21,835,500
Wellness Program	655,937	631,959	23,978
Life Insurance Policy Premiums	1,696,088	1,477,132	218,956
Amortization	69,329	69,329	-
Other	165,802	522,039	(356,237)
Total Operating Expenses	383,998,314	354,591,882	29,406,432
Operating Income (Loss)	2,216,093	11,148,504	(8,932,411)
Non-Operating Revenues (Expenses):			
Investment Income	1,997,482	(88,195)	2,085,677
Interest and fiscal charges	(5,674)	(6,375)	701
Total Non-Operating Revenue (Expenses)	1,991,808	(94,570)	2,086,378
Change in Net Position	4,207,901	11,053,934	(6,846,033)
Net Position at Beginning of Year, Restated	42,333,626	31,279,692	11,053,934
Net Position at End of Year	$ 46,541,527	$ 42,333,626	$ 4,207,901

The revenue generated by the Council is generated by services provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided, this includes and increase in participants contributions, excess insurance premiums and investment interest.

The majority of expenses reported by the Council for fiscal year 2023 were directly related to the settlement of claims. The remaining expenses were paid to the third party administrators of the self-insured plans to process and administer the submitted claims. This includes an increase in administrative fees and an increase in claims.

Capital Assets Administration

The Council's capital assets decreased $69,329 during fiscal year 2023 due to amortization. Detailed information regarding capital asset activity is included in Note 8 in the notes to the basic financial statements.

Debt Administration

As of the fiscal year-end, the Council's lease payable decreased in comparison with the prior fiscal year due to lease payments made during the fiscal year. For more information on debt, see Note 9 to the basic financial statements.

Current Issues

For January 1, 2022, it was determined that all districts would receive either a 3, 5, 7, or 10 percent increase to health insurance premiums.

For January 1, 2023, it was determined that all districts would receive either a 2, 3, 4, 5, 6, 7, or 8 percent increase to health insurance.

Contacting the Council's Financial Management

This financial report is designed to provide member school districts and other users with a general overview of the Council's finances and to show accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact Ken Swink, Director at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377 or by calling (937) 890-3725.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Statement of Net Position
June 30, 2023

Assets	
Current Assets	
Cash and Cash Equivalents	$ 76,897,814
Investments	15,519,314
Accounts Receivable	2,645,066
Total Current Assets	95,062,194
Non-Current Assets:	
Capitalized Assets Being Amortized, Net	242,651
Total Non-Current Assets	242,651
Total Assets	95,304,845
Deferred Outflows of Resources	
Pension	215,378
OPEB	121,538
Total Deferred Outflows of Resources	336,916
Liabilities	
Current Liabilities	
Accounts Payable	1,468,015
Unearned Participant Contributions	15,343,147
Reserve for Unpaid Claims	29,771,265
Leases Payable	68,835
Total Current Liabilities	46,651,262
Long-Term Liabilities	
Compensated Absences Payable	32,104
Lease Payable	178,228
Net Pension Liability	1,364,554
Net OPEB Liability	321,176
Total Long-Term Liabilities	1,896,062
Total Liabilities	48,547,324
Deferred Inflows of Resources	
Pension	120,925
OPEB	431,985
Total Deferred Inflows of Resources	552,910
Net Position	
Net Investment in Capital Assets	(4,412)
Restricted for Program Rebates	1,072,022
Unrestricted	45,473,917
Total Net Position	$ 46,541,527

See accompanying notes to the basic financial statements.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Operating Revenues	
Member Contributions:	
Participant Contributions	$ 358,504,615
Excess Insurance Premiums	(4,234,663)
Prescription Rebates	27,750,913
Life Insurance Premium Contributions	1,713,908
Other Revenues	2,479,634
Total Operating Revenues	386,214,407
Operating Expenses	
Administrative Fees	22,664,442
Claims	358,746,716
Wellness Program	655,937
Life Insurance Policy Premiums	1,696,088
Amortization	69,329
Other	165,802
Total Operating Expenses	383,998,314
Operating Income (Loss)	2,216,093
Non-Operating Revenues (Expenses)	
Investment Earnings	1,997,482
Interest and Fiscal Charges	(5,674)
Total Non-Operating Revenues (Expenses)	1,991,808
Change in Net Position	4,207,901
Net Position Beginning of Year, Restated - See Note 11	42,333,626
Net Position End of Year	$ 46,541,527

See accompanying notes to the basic financial statements.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Cash Flows From Operating Activities	
Cash Received from Premium Contributions	$ 359,769,847
Cash Received from Prescription Rebates	27,750,913
Cash Received from Life Insurance Premiums	1,713,908
Cash Received for Other Purposes	2,186,192
Cash Payments for Claim Payments	(355,228,235)
Cash Payments for Excess Insurance	(4,234,663)
Cash Payments for Administrative Fees	(22,954,085)
Cash Payments for Wellness Program	(655,937)
Cash Payments for Life Insurance Premiums	(1,696,088)
Cash Payments for Other Expenses	(131,290)
Net Cash Provided By (Used For) Operating Activities	6,520,562
Cash Flows From Capital and Related Financing Activities	
Principal Payments on Lease	(67,473)
Interest and Fiscal Charges	(5,674)
Net Cash Provided By (Used For) Capital & Related Financing Activities	(73,147)
Cash Flows From Investing Activities	
Interest on Investments	1,997,482
Net Cash Provided By (Used For) Investing Activities	1,997,482
Net Increase (Decrease) in Cash and Investments	8,444,897
Cash and Investments, Beginning of Year - Restated	83,972,231
Cash and Investments, End of Year	$ 92,417,128
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ 2,216,093
Adjustments:	
Amortization	69,329
(Increase) Decrease Assets/Deferred Outflows of Resources:	
Accounts Receivable	(293,442)
Deferred Outflows - Pension & OPEB	15,753
Increase (Decrease) in Liabilities/Deferred Inflows of Resources:	
Accounts Payable	34,512
Accrued Wages and Benefits	(80,442)
Compensated Absences	(77,248)
Intergovernmental Payable	(12,358)
Claims Payable	3,518,481
Unearned Participant Contributions	1,265,232
Net Pension Liability	392,529
Net OPEB Liability	(130,139)
Deferred Inflows - Pension & OPEB	(397,738)
Total Adjustments	4,304,469
Net Cash Provided By (Used For) Operating Activities	$ 6,520,562

See accompanying notes to the basic financial statements.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

		Custodial
Assets		
Equity in Pooled Cash and Cash Equivalents	$	105,431
Accounts Receivable		353,282
Total Assets		458,713
Liabilities		
Accounts Payable		13,023
Total Liabilities		13,023
Net Position		
Restricted for Individuals, Organizations and Other Governments		445,690
Total Net Position	$	445,690

See accompanying notes to the basic financial statements.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2023

	Custodial
Additions	
Amounts Received as Fiscal Agent	$ 1,126,452
Total Additions	1,126,452
Deductions	
Distributions as Fiscal Agent	979,574
Total Deductions	979,574
Change in Fiduciary Net Position	146,878
Fiduciary Net Position Beginning of Year	298,812
Fiduciary Net Position End of Year	$ 445,690

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE COUNCIL

The Southwestern Ohio Educational Purchasing Council, Montgomery County (the Council), is a not-for-profit regional council of governments established under Chapter 167 of the Ohio Revised Code. The Council is directed by a member-elected eleven member Executive Board. The Council provides joint purchasing and other educational services for 276 school districts in Southwest Ohio by the cooperative action of the membership.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the Council consists of all funds, departments, boards, and agencies that are not legally separate from the Council. For the Council, this includes general operations and enterprise funds of the Council.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has assumed responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations for which the Council approves the budget, the levying of taxes or the issuance of debt. The Council does not have any component units.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

The Council is a participant in a jointly governed organization, META Solutions, which was created through a merger between Tri-Rivers Education Computer Association (TRECA) and Metropolitan Educational Council (MEC). This organization is a comprehensive educational solutions provider comprised of over 400 Councils, libraries and other public organizations. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school Councils. Financial information can be obtained from META Solutions, 100 Executive Drive, Marion, Ohio 43302.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The Council's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds focus on net position and changes in net position. These funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Council disburses these funds as directed by the individual, organization or other governments. The Council's fiduciary fund is a custodial fund. Custodial funds are used to account for assets held by the Council as fiscal agent for the Association of Educational Purchasing Agencies (AEPA).

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With the measurement focus, all assets and deferred outflow of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position.

Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Accounting

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Council, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 4 and 5.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Council, deferred inflows of resources are pension and OPEB (See Note 4 and 5).

Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board annually approves the budget for the Council. The budget includes an estimate of amounts expected to be received and expended (appropriations) by the Council during the fiscal year. Budget amendments are approved by the Board of Trustees during the year as required. The Council reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at fiscal year-end are carried over, and need not be reappropriated.

Cash and Investments

To improve cash management, cash received by the Council is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Council's records. Investments with an original maturity of more than 90 days are reported as investments.

Realized gains and losses are determined on the identified cost basis. Unrealized gains and (losses) are included as a component of investment earnings.

The Council's investment policy authorizes the programs to invest in any investment meeting the requirements of the Ohio Revised Code. Permitted investments include obligations of the United States Government, or other investments where the principal and interest are collateralized by the full faith and credit of the United States Government, bonds or other obligations issued by any federal agency or instrumentality, and bonds of the State of Ohio and its political subdivisions.

Property, Plant and Equipment

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the fiscal year. The Council maintains a capitalization threshold of $5,000. The Council has no property, plant or equipment; however, the Council is reporting an intangible right-to-use asset related to a leased building. This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

Compensated absences of the Council consist of vacation leave and sick leave liabilities 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 Council 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. A liability for sick leave is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method.

Claims Payable

Provision for claims payable is based on information calculated by the Third Party Administrator and the Council's actuary. This amount represents claims that have been processed but not yet presented for payment and an estimate of reported, unpaid claims, plus a provision for claims incurred but not reported. The Council believes this estimate of its liability for claims payable is reasonable and supported by valid actuarial calculations; however, actual incurred claim expense may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of claims may vary from the estimated amounts included in the accompanying financial statements.

Should the provisions for claims payable not be sufficient, the Council will utilize unrestricted net position to cover the excess claims. Future member contributions will be adjusted at the next renewal date, if necessary, to ensure adequate reserve coverage is maintained.

Unearned Participant Contributions

Unearned participant contributions represent contributions from member school districts received prior to the end of the fiscal year but are intended to fund required contributions for the subsequent fiscal year.

Pensions and Other Postemployment Benefits (OPEB)

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Council. These revenues represent member premiums that are paid annually by participating entities and are recognized as revenue over the policy period. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the Council. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At fiscal year-end, there was no net position restricted for enabling legislation.

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the Council's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The Council is exempt from federal, state and local taxes due to the fact that it is defined as a council of governments under the Ohio Revised Code.

ERISA

Due to the Council being deemed a governmental plan by the Internal Revenue Service, it is not covered by the rules and regulations of ERISA, Title I.

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2023, the Council has implemented GASB Statement No. 91, Conduit Debt Obligations, GASB Statement No. 93, paragraphs 13 and 14, Replacement of Interbank Offered Rates, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Available Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and certain provisions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Council.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the Council.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Council.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Council.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves 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 certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the Council.

NOTE 3 – DEPOSITS AND INVESTMENTS

The Council maintains a cash and investment pool used by all funds. The Constitution and By-Laws prescribe allowable deposits and investments.

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

Deposits - At fiscal year-end, $72,366,244 of the Council’s bank balance of $72,807,553 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the Council’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Council to a successful claim by the FDIC.

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

Investments

The following is a summary of the Council’s investments as of June 30, 2023:

Rating	Investment Type	Measurement Amount	Investment Maturities in Months 0-12	13-36	Over 36	% Total
	Net Asset Value (NAV):					
AAAm	U.S. Treasury Money Market	$ 4,214,531	$ 4,214,531	$ -	$ -	21.4%
	Fair Value:					
N/A	U.S. Treasury Notes	10,085,073	9,892,783	-	192,290	51.0%
AA+	Federal Home Loan Bank (FHLB)	4,989,211	1,993,600	2,995,611	-	25.3%
AA+	Federal Farm Credit Bank (FFCB)	445,030	-	-	445,030	2.3%
	Total	$ 19,733,845	$ 16,100,914	$ 2,995,611	$637,320	100.0%

Money market mutual funds are recorded at the net asset value (NAV). The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Council's recurring fair value measurements as of June 30, 2023. The Council's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from erosion of market value or change in market conditions, the Council's investment policy requires investments to mature no later than five years from the settlement date or on the date the invested funds are expected to be disbursed in satisfaction of an obligation of the Council, whichever is earlier.

Credit Risk: The Council's investment policy permits investment in all vehicles permitted by State Law. The weighted average of maturity of the portfolio as of June 30, 2023 is 5 days.

Concentration of Credit Risk: While no specific limit is placed on any one issuer, the investment policy of the Council requires the portfolio to be diversified in order to minimize potential losses with respect to individual securities.

NOTE 4 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability represents the Council'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 plan's fiduciary net position. The net pension/OPEB liability 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 this estimate annually.

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable*.

The remainder of this note includes the required pension disclosures. See Note 5 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Council non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor 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 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, may be included in this plan.

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Council's contractually required contribution to SERS was $146,649 for fiscal year 2023.

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

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

	SERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.0252285%
Prior Measurement Date	0.0263442%
Change in Proportionate Share	-0.0011157%
Proportionate Share of the Net Pension Liability	$ 1,364,554
Pension Expense	$ 49,185

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

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

		SERS
Deferred Outflows of Resources		
Differences between Expected and Actual Experience	$	55,265
Changes of Assumptions		13,464
Council Contributions Subsequent to the Measurement Date		146,649
Total Deferred Outflows of Resources	$	215,378
Deferred Inflows of Resources		
Differences between Expected and Actual Experience	$	8,958
Net Difference between Projected and Actual Earnings on Pension Plan Investments		47,614
Changes in Proportion and Differences between Council Contributions and Proportionate Share of Contributions		64,353
Total Deferred Inflows of Resources	$	120,925

$146,649 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		SERS
Fiscal Year Ending June 30:		
2024	$	(37,617)
2025		(25,691)
2026		(68,020)
2027		79,132
Total	$	(52,196)

Actuarial Assumptions - SERS

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

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

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

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

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

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

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

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

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

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Council'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 Council's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Council's Proportionate Share of the Net Pension Liability	$ 2,008,558	$ 1,364,554	$ 821,989

NOTE 5 - DEFINED BENEFIT OPEB PLANS

See Note 4 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Council contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

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

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Council's proportion of the net OPEB liability was based on the Council'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
Proportion of the Net OPEB Liability:		
Current Measurement Date		0.0228756%
Prior Measurement Date		0.0238465%
Change in Proportionate Share		-0.0009709%
Proportionate Share of the Net OPEB Liability	$	321,176
OPEB Expense	$	(22,131)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

		SERS
Deferred Outflows of Resources		
Differences between Expected and Actual Experience	$	2,699
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		1,670
Changes of Assumptions		51,090
Changes in Proportion and Differences between Council Contributions and Proportionate Share of Contributions		66,079
Total Deferred Outflows of Resources	$	121,538
Deferred Inflows of Resources		
Differences between Expected and Actual Experience	$	205,444
Changes of Assumptions		131,847
Changes in Proportion and Differences between Council Contributions and Proportionate Share of Contributions		94,694
Total Deferred Inflows of Resources	$	431,985

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

		SERS
Fiscal Year Ending June 30:		
2024	$	(64,774)
2025		(59,316)
2026		(55,087)
2027		(46,336)
2028		(34,990)
Thereafter		(49,944)
Total	$	(310,447)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

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

Sensitivity of the Council'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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
Council's Proportionate Share of the Net OPEB Liability	$ 398,905	$ 321,176	$ 258,427

	1% Decrease	Current Trend Rate	1% Increase
Council's Proportionate Share of the Net OPEB Liability	$ 247,684	$ 321,176	$ 417,168

NOTE 6 – COUNCIL PROGRAMS AND CLAIMS RESERVE

Liability, Property and Fleet Insurance Pool

In July 2003, the Council established the Liability, Fleet, and Property Insurance Program (the LFP Program) as authorized by Section 2744.081 of the Ohio Revised Code to provide property, general liability, school leader's errors and omissions, automobile, excess liability, crime, surety and bond, inland marine and other coverage to participating members. The LFP Program has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the coverage provided in excess of the member's deductible. There were 56 entities participating in the LFP Program in fiscal year 2023. The LFP Program has chosen to adopt the forms and endorsements of conventional insurance coverage and to purchase specific and aggregate stop loss insurance in excess of a given retention to pay individual and collective losses. Therefore, the individual members are only responsible for their self-insured retention (deductible) amounts that may vary from member to member.

The LFP Program retained the first $150,000 of each loss for general liability, automobile, crime and surety and retains the first $400,000 for each loss for property claims for fiscal year 2023, which is the same self-retained risk limit established for the prior year. The LFP program has an annual aggregate retention of $1,284,801 and $1,216,800 for 2023 and 2022. The LFP Program then has $850,000 limit per occurrence in excess of $400,000 SIR furnished by Ambridge partners and provides coverage for property and the following sublimits, flood and surface water, earthquake, named windstorm, data processing extra expense, data processing systems equipment, data processing media, valuable papers, fine arts, accounts receivable, extra expense, and mobile equipment.

The LFP program maintains an annual loss fund as set by the carrier's actuary and is funded at 100%. The LFP program also maintains excess loss fund protection with an annual aggregate of $3,000,000 excess of the loss fund.

The LFP Program annually establishes a liability for claims that are based on estimates of the ultimate cost of claims that have been reported but not settled ("case reserve") and of claims that have been incurred but not reported ("IBNR reserve"), net of estimated salvage and subrogation. The length of time for which such costs must be estimated varies depending on the coverage involved. The liabilities established for future claim payments are detailed on schedule at the end of this note.

Medical Benefits Pool

The Self-Insured Medical Insurance Benefits Program (the Medical Program) provides group medical benefits for the employees of participating employers through a risk sharing (self-insurance) pool under two separate plan options: one administered by the Community Insurance Company (dba Anthem) and the other administered by United HealthCare Insurance Company. Claims submitted by covered employees are processed by the third party administrators (TPA), currently United HealthCare and Anthem, in accordance with the benefits negotiated by the participating member Councils of the Medical Program. Payments of these claims are settled by the contributions collected and maintained by the Medical Program and, therefore, the majority of the claim risk remains with the Medical Program.

At June 30, 2023 the United HealthCare plan option had 26 participating member Councils with approximately 5,200 covered employees. The Anthem plan option had 79 participating member Councils with approximately 12,000 covered employees.

Participating member Councils contribute an amount that is determined by the number of eligible employees and dependents for that month multiplied by funding amounts established by the Medical Program at the October 1 renewal date. The funding amounts are based on claim experience, claims administration expenses, and needed reserve amounts. Benefit levels are determined by the participating member Councils in consultation with the Medical Program.

The Medical Program has purchased stop-loss insurance to help minimize its total risk exposure. Stop-loss insurance limits were set at $700,000 specific claims expected for Anthem and United HealthCare, for fiscal year 2023. Each plan option has an effective policy year of January 1 through December 31.

The Medical Program annually establishes a provision for claims payable based on information calculated by the TPA and the Medical Program's actuary. This amount represents claims that have been processed but not yet presented for payment and an estimate of reported, unpaid claims, plus a provision for claims incurred but not yet reported. The liabilities established for future claim payments are detailed on schedule at the end of this note.

The Medical Program offers a group life insurance plan option for member districts. This plan offers life and accidental death and dismemberment coverage to employees of participating districts through fully insured policies with Securian Financial. Coverage amounts are determined by the individual participating districts and all insurance contracts are between Securian Financial and the districts. The Medical Program collects and remits the flat rate, monthly policy premium to Securian Financial for the participating districts. As of June 30, 2023 there were 83 participating districts in the program covering approximately 18,655 employees.

Dental and Vision Benefits Pool

The Self-Insured Dental and Vision Benefits Program (Dental Program) provides dental and vision insurance coverage for employees of participating employers through a risk sharing (self-insurance) pool. Individual benefit coverage limits are set by negotiations between the Dental Program and the participating Councils. With the relatively low individual benefit levels, the Dental Program does not have stop-loss insurance coverage for its dental or vision plans.

The Dental Program pays the dental and vision claims submitted by covered employees from contributions collected and maintained by the Dental Program, and therefore, the risk remains with the Dental Program. Claims for both types of insurance coverage are processed by a third party administrator (TPA), currently Delta Dental for dental coverage and Vision Service Plan for vision coverage, in accordance with benefits established by the Dental Program.

Participating member Councils contribute an amount that is determined by the number of eligible employees and dependents for that month multiplied by funding amounts established at the renewal date for each plan, which is January 1 for both plans. The funding amounts are based on claim experience, claims administration expenses, and needed reserve amounts. Every other year councils are reassessed individually to ensure contributions are in line with average claim costs encountered over the previous two years. Historically, in the off year, all participating councils have received the same renewal percentage change.

As of June 30, 2023, the dental coverage there was 97 participating member Councils covering approximately 16,316 eligible employees and their dependents. Vision coverage was offered by 95 participating member Councils with approximately 11,600 covered employees and dependents.

The Dental Program annually establishes a provision for claims payable based on information calculated by the TPA and the Medical Program's actuary. This amount represents claims that have been processed but not yet presented for payment and an estimate of reported, unpaid claims, plus a provision for claims incurred but not yet reported. The liabilities established for future claim payments are detailed below.

As discussed in Note 2, the Council establishes a reserve for claims payable which includes both reported and incurred but unreported reported claims. The changes in the reserve for claims payable for the last two fiscal years are as follows:

Liability Year	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
Liability, Property and Fleet Insurance				
2023	$ 1,007,784	$ 2,845,811 *	$ (886,330)	$ 2,967,265
2022	1,014,757	748,678	(755,651)	1,007,784
Medical Benefits				
2023	$ 24,736,000	$ 340,077,493	$ (338,611,493)	$ 26,202,000
2022	23,223,000	321,239,920	(319,726,920)	24,736,000
Dental and Vision Benefits				
2023	$ 509,000	$ 15,823,412	$ (15,730,412)	$ 602,000
2022	671,000	14,922,618	(15,084,618)	509,000

*The amount of current year claims and claims payments for Liability, Property and Fleet Insurance in the financial statements are reported at net of subrogation. However, these amounts are recorded at gross, excluding subrogation.

NOTE 7 – RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- Cyber liability coverage for $1 million per occurrence/$5 million aggregate

Coverage amounts have not significantly decreased since the prior year nor have claims exceeded coverage limits in any of the past three fiscal years.

NOTE 8 – CAPITAL ASSETS

As of June 30, 2023, the Council has the following in capital assets:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Being Amortized:				
Intangible Right-to-Use Building	$ 381,309	$ -	$ -	$ 381,309
Total Capital Assets Being Amortized	381,309	-	-	381,309
Less Accumulated Amortization:				
Intangible Right-to-Use Building	(69,329)	(69,329)	-	(138,658)
Total Accumulated Amortization	(69,329)	(69,329)	-	(138,658)
Capital Assets, Net	$ 311,980	$ (69,329)	$ -	$ 242,651

NOTE 9 – LONG TERM LIABILITIES

During the fiscal year 2023, the following changes occurred in long-term liabilities:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amount Due Within One Year
Governmental Activities:					
Lease Payable - Building	$ 314,536	$ -	$ (67,473)	$ 247,063	$ 68,835
Compensated Absences	109,352	66,085	(143,333)	32,104	-
Net Pension Liability	972,025	392,529	-	1,364,554	-
Net OPEB Liability	451,315	-	(130,139)	321,176	-
Total Long Term Liabilities	$ 1,847,228	$ 458,614	$ (340,945)	$ 1,964,897	$ 68,835

The Council has an outstanding agreement to lease office space. The Council signed a lease for the period commencing on January 1, 2015 and ending on December 31, 2020, this lease was amended on January 1, 2021 for an additional period ending on December 31, 2026. Due to the implementation of GASB Statement 87, this lease has met the criteria of a lease thus requiring it to be recorded by the Council. The future lease payments were discounted based on the interest rate implicit in the lease or using the Council's incremental borrowing rate. This discount is being amortized over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

	Lease Payments	
Fiscal Year	Principal	Interest
2024	$ 68,835	$ 4,313
2025	70,225	2,923
2026	71,642	1,506
2027	36,361	212
Total	$ 247,063	$ 8,954

NOTE 10 – CONTINGENCIES - LITIGATION

The Council is party to various legal proceedings, which normally occur in the course of claims processing operations of the Liability, Fleet and Property Insurance Pool operated by the Council. Such litigation is associated with seeking subrogation judgments against responsible parties as well as representing participating districts against claims filed against them. Management believes that the outcome of such claims has been adequately accounted for in the claims reserve liability and any excess will be covered by insurance carriers that provide excess insurance and reinsurance contracts. Nevertheless, due to uncertainties in the settlement process, it is possible the actual outcome of these claims could change materially from the results currently expected.

NOTE 11 – RESTATEMENT OF NET POSITION/FUND BALANCE

The following were restated due to the restructuring of accounting to a sole proprietary fund or enterprise fund:

	General Fund	Total Enterprise Fund
Net Position/Fund Balance, Beginning of Year	$ 2,828,828	$ 40,096,267
Fund Structure Adjustments	(2,828,828)	2,237,359
Net Position/Fund Balance, End of Year	$ -	$ 42,333,626

	Governmental Activities	Business Type Activities
Net Position - June 30, 2022	$ 2,237,359	$ 40,096,267
Fund Structure Adjustments	(2,237,359)	(40,096,267)
Net Position - July 1, 2022	$ -	$ -

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Required Supplementary Information

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2023	2022	2021
School Employees Retirement System (SERS)			
Council's Proportion of the Net Pension Liability	0.02522850%	0.02634420%	0.02785690%
Council's Proportionate Share of the Net Pension Liability	$ 1,364,554	$ 972,025	$ 1,842,514
Council's Covered Payroll	$ 930,821	$ 904,436	$ 949,057
Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	146.60%	107.47%	194.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015	2014
0.02500820%	0.02138400%	0.02299040%	0.02000030%	0.01817580%	0.01860500%	0.01860500%
$ 1,496,284	$ 1,224,701	$ 1,373,626	$ 1,463,837	$ 1,037,129	$ 941,588	$ 1,106,380
$ 848,267	$ 766,719	$ 770,471	$ 696,629	$ 581,222	$ 636,068	$ 481,358
176.39%	159.73%	178.28%	210.13%	178.44%	148.03%	229.85%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Required Supplementary Information
Schedule of the Council's Contributions - Pension
Last Ten Fiscal Years

School Employees Retirement System (SERS)	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 146,649	$ 130,315	$ 126,621	$ 132,868
Contributions in Relation to the Contractually Required Contribution	(146,649)	(130,315)	(126,621)	(132,868)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Council's Covered Payroll	$ 1,047,493	$ 930,821	$ 904,436	$ 949,057
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2019		2018		2017		2016		2015		2014	
$	114,516	$	103,507	$	107,866	$	97,528	$	76,605	$	88,159
	(114,516)		(103,507)		(107,866)		(97,528)		(76,605)		(88,159)
$	-	$	-	$	-	$	-	$	-	$	-
$	848,267	$	766,719	$	770,471	$	696,629	$	581,222	$	636,068
	13.50%		13.50%		14.00%		14.00%		13.18%		13.86%

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net OPEB Liability
Last Seven Fiscal Years (1)

	2023	2022	2021
School Employees Retirement System (SERS)			
Council's Proportion of the Net OPEB Liability	0.02287560%	0.02384700%	0.02545000%
Council's Proportionate Share of the Net OPEB Liability	$ 321,176	$ 451,315	$ 553,116
Council's Covered Payroll	$ 930,821	$ 904,436	$ 949,057
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	34.50%	49.90%	58.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.02267500%	0.01934130%	0.02087080%	0.01812993%
$ 570,236	$ 536,580	$ 560,117	$ 516,770
$ 848,267	$ 766,719	$ 770,471	$ 696,629
67.22%	69.98%	72.70%	74.18%
15.57%	13.57%	12.46%	11.49%

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Required Supplementary Information
Schedule of the Council's Contributions - OPEB
Last Ten Fiscal Years

	2023	2022	2021	2020
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Council's Covered Payroll	$ 1,047,493	$ 930,821	$ 904,436	$ 949,057
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2019		2018		2017		2016		2015		2014	
$	4,241	$	3,834	$	-	$	-	$	4,766	$	890
	(4,241)		(3,834)		-		-		(4,766)		(890)
$	-	$	-	$	-	$	-	$	-	$	-
$	848,267	$	766,719	$	770,471	$	696,629	$	581,222	$	636,068
	0.50%		0.50%		0.00%		0.00%		0.82%		0.14%

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2021, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

NOTE 2 - NET OPEB LIABILITY

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2023	1.92 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2023	2.27 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Liability, Fleet and Property Insurance Program
Reconciliation of Claims Liabilities by Type of Contract
Years Ended June 30, 2023 and 2022

	Fiscal Year 2023		
	Casualty Liability	Property Liability	Total
Claims payable - beginning of year	$ 804,588	$ 203,196	$ 1,007,784
Incurred claims and claim adjustments:			
Provision for insured events of the current year	541,767	1,662,844	2,204,611
Change in provision for insured events of prior year	157,570	483,630	641,200
Total incurred claims and claim adjustments	699,337	2,146,474	2,845,811
Payments:			
Claim payments attributable to claims of current year	203,089	484,334	687,423
Claim payments attributable to claims of prior years	48,880	150,027	198,907
Total payments	251,969	634,361	886,330
Claims payable - end of year	$ 1,251,956	$ 1,715,309	$ 2,967,265

	Fiscal Year 2022		
	Casualty Liability	Property Liability	Total
Claims payable - beginning of year	$ 801,397	$ 213,360	$ 1,014,757
Incurred claims and claim adjustments:			
Provision for insured events of the current year	700,756	426,098	1,126,854
Change in provision for insured events of prior year	(235,176)	(143,000)	(378,176)
Total incurred claims and claim adjustments	465,580	283,098	748,678
Payments:			
Claim payments attributable to claims of current year	310,796	201,085	511,881
Claim payments attributable to claims of prior years	151,593	92,177	243,770
Total payments	462,389	293,262	755,651
Claims payable - end of year	$ 804,588	$ 203,196	$ 1,007,784

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Liability, Fleet and Property Insurance Program
Schedule of Claims Development
Last Ten Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1. Required contribution and investment revenue:										
Earned (paid contributions)	$ 6,533,553	$ 5,819,785	$ 4,682,668	$ 3,886,556	$ 3,727,235	$ 3,562,841	$ 3,690,221	$ 3,820,240	$ 3,824,404	$ 3,563,202
Ceded (excess insurance)	(4,234,663)	(4,239,092)	(3,295,747)	(2,618,337)	(2,130,049)	(1,902,023)	(1,993,914)	(2,090,023)	(2,129,961)	(2,051,216)
Net contributions earned	2,298,890	1,580,693	1,386,921	1,268,219	1,597,186	1,660,818	1,696,307	1,730,217	1,694,443	1,511,986
Investment revenue	60,088	810	80	11,426	21,548	11,531	6,274	8,459	(14,849)	15,622
Total contributions and interest	2,358,978	1,581,503	1,387,001	1,279,645	1,618,734	1,672,349	1,702,581	1,738,676	1,679,594	1,527,608
2. Unallocated expenses:	64,855	165,828	173,315	192,492	433,639	363,644	368,055	335,385	390,904	486,702
3. Estimated claims and expenses, end of fiscal year:										
Incurred	2,845,811	748,678	434,739	3,009,137	583,763	687,947	2,727,079	859,431	1,641,103	1,490,713
Ceded	-	-	4,934	(2,149,807)	-	-	-	-	(356,302)	(111,536)
Net Incurred	2,845,811	748,678	439,673	859,330	583,763	687,947	2,727,079	859,431	1,284,801	1,379,177
4. Net paid claims as of:										
End of fiscal year	2,845,811	748,678	439,673	2,901,348	820,524	768,633	406,153	479,960	931,911	936,088
One year later		748,678	439,673	2,901,348	820,524	768,633	406,153	479,960	931,911	936,088
Two years later			566,102	2,901,348	820,524	768,633	406,153	479,960	931,911	936,088
Three years later				3,062,587	820,524	768,633	406,153	479,960	931,911	936,088
Four years later					1,146,530	768,633	2,650,121	833,068	1,321,914	483,244
Five years later						768,633	2,650,121	1,278,775	1,321,914	622,838
Six years later							540,508	1,278,775	1,321,914	806,494
Seven years later								487,815	1,321,914	826,179
Eight years later									1,002,299	826,179
Nine years later										983,253
5. Re-estimated net incurred claims and expense, as of:										
End of fiscal year	886,330	755,651	519,346	3,009,137	583,763	687,947	702,842	646,812	1,003,924	1,022,878
One year later		755,651	519,346	3,009,137	583,763	687,947	702,842	646,812	1,003,924	1,022,878
Two years later			631,009	3,009,137	583,763	687,947	702,842	646,812	1,003,924	1,022,878
Three years later				3,009,137	583,763	687,947	702,842	646,812	1,003,924	1,022,878
Four years later					583,763	687,947	2,727,079	859,431	1,284,801	1,379,177
Five years later						687,947	2,727,079	859,431	1,147,165	947,232
Six years later							2,727,079	859,431	1,032,138	949,421
Seven years later								859,431	1,032,138	974,931
Eight years later									1,032,138	974,931
Nine years later										974,931
6. Increase(decrease) in estimated incurred claims and expenses from end of policy year:	(1,959,481)	6,973	191,336	2,149,807	-	-	-	-	(252,663)	(404,246)

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Self-Insured Medical Insurance Benefits Program
Schedule of Claims Development
For the Last Ten Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1. Required medical contributions and other revenues:										
Medical Contributions:										
Earned (paid contributions)	$ 334,364,157	$ 325,307,367	$ 317,153,332	$ 305,242,602	$ 274,343,981	$ 245,413,619	$ 214,711,970	$ 184,365,769	$ 162,618,485	$ 144,815,983
Ceded (excess insurance)	17,820	(5,997,150)	(2,897,511)	(5,801,314)	(4,173,032)	(910,979)	(2,149,701)	(440,080)	(1,658,587)	(1,552,012)
Net medical contributions earned	334,381,977	319,310,217	314,255,821	299,441,288	270,170,949	244,502,640	212,562,269	183,925,689	160,959,898	143,263,971
Prescription rebates	27,750,913	24,944,363	18,888,940	16,690,929	19,683,451	11,420,110	7,830,776	4,610,840	3,440,422	2,905,661
Investment revenue and other revenues	387,507	(10,928)	53,187	348,992	664,804	60,197	(2,391)	213,220	165,126	45,661
Total medical contributions and other revenues	362,520,397	344,243,652	333,197,948	316,481,209	290,519,204	255,982,947	220,390,654	188,749,749	164,565,446	146,215,293
2. Unallocated expenses:	21,412,930	16,048,659	17,397,098	17,920,597	17,834,847	16,309,468	15,464,228	14,344,706	10,842,500	8,465,803
3. Estimated claims and expenses, end of fiscal year:										
Incurred	340,077,493	321,239,920	303,328,357	284,093,280	289,856,557	259,094,558	220,649,092	165,222,306	147,220,409	129,225,797
Ceded	-	-	-	-	-	-	-	(822,063)	(574,200)	-
Net Incurred	340,077,493	321,239,920	303,328,357	284,093,280	289,856,557	259,094,558	220,649,092	164,400,243	146,646,209	129,225,797
4. Net paid claims as of:										
End of fiscal year	338,611,493	319,726,920	300,022,357	289,122,280	283,594,557	258,010,558	199,439,307	152,962,769	137,194,877	118,884,214
One year later		319,726,920	320,429,554	289,122,280	283,594,557	258,010,558	199,439,307	152,962,769	137,194,877	118,884,214
Two years later				289,337,708	283,594,557	258,010,558	199,439,307	152,962,769	137,194,877	118,884,214
Three years later					283,594,557	259,094,558	220,649,092	164,400,243	146,646,209	118,884,214
Four years later						259,094,558	220,649,092	164,400,243	146,646,209	118,884,214
Five years later							220,649,092	164,400,243	146,646,209	128,558,962
Six years later								164,400,243	146,646,209	129,225,797
Seven years later									146,646,209	129,225,797
Eight years later										129,225,797
Nine years later										
5. Re-estimated net incurred claims and expense, as of:										
End of fiscal year	340,077,493	321,239,920	303,328,357	284,093,280	289,856,557	259,094,558	220,649,092	164,400,243	146,646,209	129,225,797
One year later		321,239,920	303,328,357	284,093,280	289,856,557	259,094,558	220,649,092	164,400,243	146,646,209	129,225,797
Two years later				284,093,280	289,856,557	259,094,558	220,649,092	164,400,243	146,646,209	129,225,797
Three years later					289,856,557	259,094,558	220,649,092	164,400,243	146,646,209	129,225,797
Four years later						259,094,558	220,649,092	164,400,243	146,646,209	129,225,797
Five years later							220,649,092	164,400,243	146,646,209	129,225,797
Six years later								164,400,243	146,646,209	129,225,797
Seven years later									146,646,209	129,225,797
Eight years later										129,225,797
Nine years later										
6. Increase(decrease) in estimated incurred claims and expenses from end of policy year: (A)	-	-	-	-	-	-	-	-	-	-

Notes:

(A) Due to the nature of health claims, it is highly unlikely that any significant claim amount would remain unpaid at the end of the subsequent fiscal year. Therefore, there is no component included in the IBNR calculation for changes in prior years estimated claims and expenses.

Southwestern Ohio Educational Purchasing Council
Montgomery County, Ohio
Self-Insured Dental and Vision Plan Program
Schedule of Claims Development
Last Ten Fiscal Years Ending on June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1. Required contribution and investment revenue:										
Contributions:										
Earned (paid contributions)	$ 17,606,905	$ 16,885,942	$ 16,837,176	$ 17,104,000	$ 16,338,941	$ 14,198,622	$ 12,635,587	$ 10,280,742	$ 8,273,693	7,720,291
Ceded (excess insurance) (A)	-	-	-	-	-	-	-	-	-	-
Net earned	17,606,905	16,885,942	16,837,176	17,104,000	16,338,941	14,198,622	12,635,587	10,280,742	8,273,693	7,720,291
Investment revenue and other revenue	18,167	486	48	8,644	20,840	8,289	(2,124)	151	181	189
Total contribution and investment revenue	17,625,072	16,886,428	16,837,224	17,112,644	16,359,781	14,206,911	12,633,463	10,280,893	8,273,874	7,720,480
2. Unallocated expenses:	1,032,048	977,954	983,235	1,006,310	986,882	842,219	836,069	670,137	579,878	561,313
3. Estimated claims and expenses, end of fiscal year:										
Incurred	15,823,412	14,922,618	14,928,686	14,268,558	14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
Ceded (A)	-	-	-	-	-	-	-	-	-	-
Net Incurred	15,823,412	14,922,618	14,928,686	14,268,558	14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
4. Net paid claims as of:										
End of fiscal year	15,730,412	15,084,618	15,132,686	14,237,558	14,857,912	13,288,066	11,982,870	9,125,780	7,273,593	6,726,616
One year later		15,084,618	15,556,942	14,237,558	14,857,912	13,288,066	11,982,870	9,125,780	7,273,593	6,726,616
Two years later			15,556,942	14,237,558	14,857,912	13,288,066	11,982,870	9,125,780	7,273,593	6,726,616
Three years later				14,237,558	14,857,912	13,431,066	12,127,564	9,131,096	7,593,609	6,726,616
Four years later					14,857,912	13,431,066	12,127,564	9,131,096	7,593,609	6,726,616
Five years later						13,431,066	12,127,564	9,131,096	7,593,609	6,991,632
Six years later							12,127,564	9,131,096	7,593,609	6,966,225
Seven years later								9,131,096	7,593,609	6,966,225
Eight years later									7,593,609	6,966,225
Nine years later										6,966,225
5. Re-estimated net incurred claims and expense, as of:										
End of fiscal year	15,823,412	14,922,618	14,928,686	14,268,558	14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
One year later		14,922,618	14,928,686	14,268,558	14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
Two years later			14,928,686	14,268,558	14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
Three years later				14,268,558	14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
Four years later					14,929,912	13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
Five years later						13,431,066	12,127,564	9,131,096	7,593,609	6,966,225
Six years later							12,127,564	9,131,096	7,593,609	6,966,225
Seven years later								9,131,096	7,593,609	6,966,225
Eight years later									7,593,609	6,966,225
Nine years later										6,966,225
6. Increase(decrease) in estimated incurred claims and expenses from end of policy year: (B)	-	-	-	-	-	-	-	-	-	-

Note:

(A) Excess insurance is not purchased by the Program due to the level of benefits offered and the total maximum risk the plan is subjected to.

(B) Due to the nature of the claims, it is highly unlikely that any significant claim amount would remain unpaid at the end of the subsequent fiscal year. Therefore, there is no component included in the IBNR calculation for changes in prior years estimated claims and expenses.

To the Executive Board
Southwestern Ohio Educational Purchasing Council
303 Corporate Center Drive, Suite 208
Vandalia, Ohio 45377

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*

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 business-type activities and fiduciary activities of Southwestern Ohio Educational Purchasing Council, Montgomery County, Ohio (the "Council") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 23, 2023, in which we noted the consortium restated net position to account for single fund presentation, our opinion was not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
December 23, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

SOUTHWESTERN OHIO EDUCATIONAL PURCHASING COUNCIL

MONTGOMERY 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 2/13/2024

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