JEFFERSON COUNTY
EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

AUDIT REPORT

FOR THE BIENNIAL FISCAL YEARS
ENDED JUNE 30, 2024 AND JUNE 30, 2023

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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800-282-0370

Governing Board
Jefferson County Educational Service Center
2023 Sunset Blvd.
Steubenville, Ohio 43952

We have reviewed the *Independent Auditor's Report* of the Jefferson County Educational Service Center, Jefferson County, prepared by Zupka & Associates, for the audit period July 1, 2022 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 16, 2025

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SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Jefferson County Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Members of the Governing Board:

Report on the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Educational Service Center as of June 30, 2024, and the 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

We did not subject the Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

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JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The management's discussion and analysis of the Jefferson County Educational Service Center's ("the ESC") financial performance provides an overall review of the ESC's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the ESC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the ESC's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position of governmental activities increased $1,280,465 which represents a 65.42% increase from 2023.
- General revenues accounted for $1,242,260 in revenue or 6.24% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $18,657,698 or 93.76% of total revenues of $19,899,958.
- The ESC had $18,619,493 in expenses related to governmental activities; $1,242,260 of these expenses were offset by general revenues supporting governmental activities (unrestricted grants and entitlements). Program specific charges for services, grants or contributions of $18,657,698 were adequate to provide for these programs.
- The ESC's major governmental funds are the general fund and the elementary and secondary emergency relief fund (ESSER). The general fund had $18,155,993 in revenues and $16,149,926 in expenditures. During fiscal year 2024, the general fund's fund balance increased $2,006,067 from $3,492,367 to $5,498,434.
- The ESSER fund had $843,629 in revenues and $843,795 in expenditures. During fiscal year 2024, the ESSER fund balance decreased $166 to a deficit fund balance of $99,858.

Using the Basic Financial Statements (BFS)

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

The statement of net position and statement of activities provide information about the activities of the whole ESC, presenting both an aggregate view of the ESC's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the ESC's most significant funds with all other nonmajor funds presented in total in one column. In the case of the ESC, the general fund and the ESSER fund are the only governmental funds reported as major funds.

Reporting the ESC as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the ESC's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

The ESC maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the ESC's various functions. The ESC's internal service fund accounts for medical/surgical, vision and dental self-insurance.

Reporting the ESC's Fiduciary Responsibilities

The activity presented as agency funds account for monies due to other governments, individuals or private organizations. The ESC is also the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. These activities are excluded from the ESC's other financial statements because the assets cannot be utilized by the ESC to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Other Information

The ESC has presented a budgetary comparison schedule for the general fund and the ESSER fund as other information.

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The ESC as a Whole

Recall that the statement of net position provides the perspective of the ESC as a whole.

The table below provides a summary of the ESC's net position for fiscal years 2024 and 2023.

	Governmental Activities 2024	Governmental Activities 2023
Assets		
Current and other assets	$ 8,365,738	$ 6,426,575
Net OPEB asset	403,149	467,044
Capital assets, net	1,523,948	1,196,703
Total assets	10,292,835	8,090,322
Deferred outflows of resources		
Pension	4,754,260	2,874,746
OPEB	2,293,074	976,536
Total deferred outflows of resources	7,047,334	3,851,282
Liabilities		
Current liabilities	1,367,763	1,187,398
Long-term liabilities:		
Due within one year	527,233	409,785
Due in more than one year:		
Net pension liability	11,469,503	8,548,586
Net OPEB liability	2,058,398	1,209,148
Other amounts	194,857	219,081
Total liabilities	15,617,754	11,573,998
Deferred inflows of resources		
Pension	398,474	587,010
OPEB	2,000,728	1,737,848
Total deferred inflows of resources	2,399,202	2,324,858
Net Position		
Net Investment in capital assets	1,488,808	1,125,543
Restricted	1,083,599	816,875
Unrestricted (deficit)	(3,249,194)	(3,899,670)
Total net position (deficit)	$ (676,787)	$ (1,957,252)

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the ESC's liabilities and deferred inflows exceeded assets and deferred outflows by $676,787 of this total; $1,083,599 is restricted in use.

Deferred outflows related to pension increased primarily due to changes in the employer's proportion percentage/difference between employer's contributions and the employer's proportional share of contributions by the State Teachers Retirement System (STRS).

Total assets include a net OPEB asset reported by STRS.

The net pension liability increased $2,920,917 or 34.17% and deferred inflows of resources related to pension decreased $188,536 or 32.12%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

Current and other assets increased primarily in the area of equity in pooled cash and cash equivalents due to current year operations related to the new Ohio Rise program. Long-term liabilities increased as a result of an increase in the net pension liability discussed above. This increase is outside of the control of the ESC. The ESC contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to ESC employees, not the ESC.

At year-end, capital assets represented 14.81% of total assets. Capital assets include land, buildings, furniture and equipment, vehicles, and intangible right to use assets. Net investment in capital assets at June 30, 2024 was $1,488,808. These capital assets are used to provide the ESC's services and are not available for future spending. Although the ESC's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

$1,083,599 of the ESC's net position is subject to external restriction on how it may be used. The remaining balance of unrestricted net position is a deficit of $3,249,194. The deficit balance of unrestricted net position was the result of reporting the net pension liability required by GASB 68 and net OPEB liability required by GASB 75.

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The table below shows the change in net position for fiscal years 2024 and 2023.

Change in Net Position

	Governmental Activities 2024	Governmental Activities 2023
Revenues		
Program revenues:		
Charges for services and sales	$ 17,251,633	$ 12,322,044
Operating grants and contributions	1,406,065	1,345,731
General revenues:		
Grants and entitlements	1,022,198	938,709
Investment earnings	74,408	47,754
Other	145,654	2,221
Total revenues	19,899,958	14,656,459
Program expenses:		
Instruction:		
Regular	$ 620,503	$ 466,546
Special	1,286,269	1,042,430
Other	10,500	10,500
Support services:		
Pupil	2,435,407	2,201,903
Instructional staff	1,891,812	1,690,939
Board of education	28,543	16,720
Administration	4,110,858	3,794,522
Fiscal	1,006,801	786,821
Business	203,765	81,511
Operations and maintenance	142,750	66,342
Central	5,596,036	2,562,468
Operation of non-instructional services	1,284,482	1,264,572
Interest and fiscal charges	1,767	3,191
Total expenses	18,619,493	13,988,465
Change in net position	1,280,465	667,994
Net position (deficit) at beginning of year	(1,957,252)	(2,625,246)
Net position (deficit) at end of year	$ (676,787)	$ (1,957,252)

Governmental Activities

Net position of the ESC's governmental activities increased $1,280,465. Total governmental expenses of $18,619,493 were offset by general revenues of $1,242,260 and program revenues of $18,657,698 were adequate to provide for the remaining expenses.

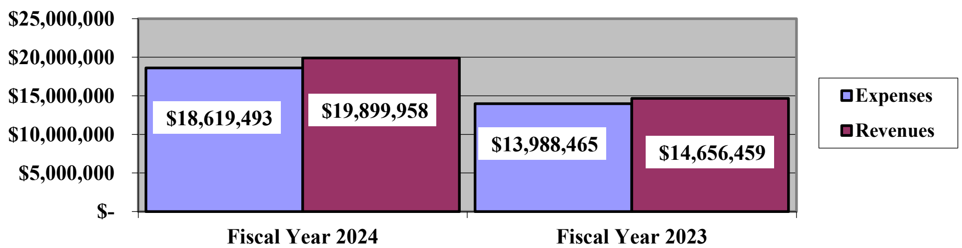
The primary sources of revenue for governmental activities are derived from contracted fees for services provided to other entities. This revenue source represents 86.69% of total governmental revenue. These revenues increased due to increased receipts caused by the ESC expanding the Ohio Rise program.

Overall, expenses of the governmental activities increased $4,631,028 or 33.11%. The largest increase in expenditures occurred in Central expenses which increased $3,033,568 due to the ESC expanding the Ohio Rise program to help youth with complex behavioral health and multisystem needs.

This increase is partially the result of an increase in pension expense. Pension expense increased approximately $794,612. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a increase in net investment income on investments compared to previous years.

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

Governmental Activities - Revenues and Expenses



As discussed above, fluctuations in the pension expense reported under GASB 68 and GASB75 makes it difficult to compare financial information between years. Pension expense is a component of Total Cost of Services and Net Cost of Services reported on the statement of activities. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements, and other general revenues not restricted to a specific program.

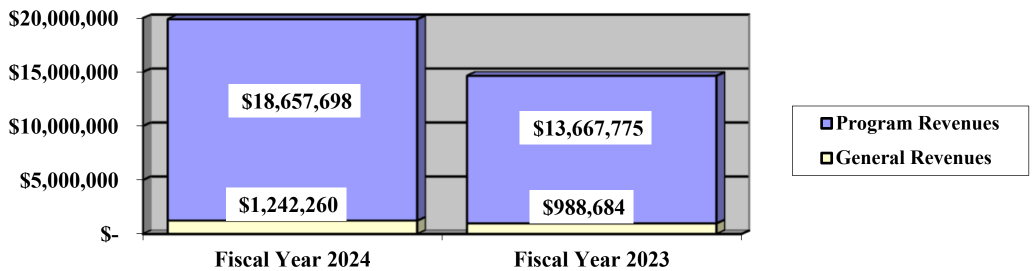
Governmental Activities

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Program expenses				
Instruction:				
Regular	$ 620,503	$ (467,897)	$ 466,546	$ (746,920)
Special	1,286,269	(1,145,173)	1,042,430	(1,121,482)
Other	10,500	537	10,500	(6,127)
Support services:				
Pupil	2,435,407	327,947	2,201,903	84,645
Instructional staff	1,891,812	148,132	1,690,939	(365,663)
Board of education	28,543	2,379	16,720	(4,938)
Administration	4,110,858	202,335	3,794,522	(139,607)
Fiscal	1,006,801	111,864	786,821	(358,364)
Business	203,765	(103,680)	81,511	6,266
Operations and maintenance	142,750	20,770	66,342	(18,420)
Central	5,596,036	785,445	2,562,468	2,562,468
Operations of non-instructional services	1,284,482	77,369	1,264,572	425,641
Interest and fiscal charges	1,767	1,767	3,191	3,191
Total	$ 18,619,493	$ (38,205)	$ 13,988,465	$ 320,690

For all governmental activities, program revenue support is 100.21%. The primary support of the ESC is contracted fees for services provided to other districts.

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

Governmental Activities - General and Program Revenues



The ESC's Funds

The ESC's governmental funds (as presented on the balance sheet) reported a combined fund balance of $6,086,291, which is more than last year's total of $4,104,348. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Change
General	$ 5,498,434	$ 3,492,367	$ 2,006,067
ESSER	(99,858)	(99,692)	(166)
Other governmental	687,715	711,673	(23,958)
Total	$ 6,086,291	$ 4,104,348	$ 1,981,943

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General Fund

The ESC's general fund balance increased $2,006,067. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2024 Amount	2023 Amount	Percentage Change
Revenues			
Services provided to other entities	$ 15,236,182	$ 10,534,259	44.63 %
Tuition	1,711,678	1,564,977	9.37 %
Earnings on investments	40,281	23,778	69.40 %
Intergovernmental	1,018,106	933,809	9.03 %
Other revenues	149,746	7,122	2,002.58 %
Total	$ 18,155,993	$ 13,063,945	38.98 %
Expenditures			
Instruction	$ 1,451,084	$ 1,340,332	8.26 %
Support services	13,486,663	10,120,451	33.26 %
Operation of non-instructional services	1,210,773	1,157,350	4.62 %
Capital outlay	-	7,472	(100.00) %
Debt service	1,406	1,403	0.21 %
Total	$ 16,149,926	$ 12,627,008	27.90 %

During fiscal year 2024, the ESC reported more revenue for services performed for other entities than it did in the prior year due to more receipts related to the new Ohio Rise program the ESC started during the fiscal year. The revenue for services performed to other entities for the fiscal years ended June 30, 2024, 2023 and 2022 was $15,236,182, $10,534,259 and $7,088,816, respectively. Intergovernmental revenue increased primarily due to an increase in foundation provided by the State of Ohio. Other revenues increased primarily due to receiving more miscellaneous revenues related to the Ohio Rise program. Earnings on investments increased primarily due to an increase in interest rates earned on investments. Instruction expenditures increased primarily in the area of special instruction expenditures related to providing instruction to special needs students. Support services increased primarily in the area of central expenditures related to the new Ohio Rise program. Operation of non-instructional increased due to personnel costs associated with services performed for the Jefferson Family and Children First Council (FCFC). The ESC bills the FCFC for these services. All other expenditures remained comparable to the prior year.

Elementary and Secondary Emergency Relief Fund (ESSER)

The ESSER fund had $843,629 in revenues and $843,795 in expenditures. During fiscal year 2024, the ESSER fund balance decreased $166 to a deficit balance of $99,858.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the ESC had $1,523,948 invested in land, buildings, furniture and equipment, vehicles, and intangible right to use assets. This entire amount is reported in governmental activities. The following table shows June 30, 2024 balances compared to June 30, 2023.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2024	2023
Land	$ 178,782	$ 178,782
Buildings	777,289	720,516
Furniture and equipment	255,010	173,259
Vehicles	281,145	58,460
Intangible right to use assets	31,722	65,686
Total	$ 1,523,948	$ 1,196,703

In total capital assets increased $327,245 for fiscal year 2024. A total of $458,123 in capital asset additions in fiscal year 2024 exceeded depreciation/amortization expense of $130,878.

Debt Administration

At June 30, 2024, the ESC had $35,140 in leases outstanding. Of this total, $31,672 is due within one year and $3,468 is due in more than one year.

The following table summarizes the leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2024	Governmental Activities 2023
Lease Payable	$ 35,140	$ 71,160

Current Financial Related Activities

The ESC is financially solvent. As the preceding information shows, the ESC relies heavily on contracts with local, city, and JVS school districts in Jefferson, Harrison and Columbiana Counties, as well as State foundation revenue, and grants. The need for additional services from local and city school districts, which is paid for by excess costs, State funding and grants will provide the ESC with necessary funds to meet operating expenses in fiscal year 2024. The ESC was awarded to be a CME within the State for the new OhioRISE program. This created a need for additional employees and resources to operate the program.

Declining enrollment in Jefferson County remains a concern of the ESC. State funding for the ESC and the districts is based on average daily membership of participating school districts. Continued decline in enrollment will have a direct impact on state revenues received by school districts and the amount of services they will need from the ESC. As district revenues decline, they rely on the ESC for services and personnel they cannot employ at the district level. With little to no increases from the State, the ESC is forced to try to do more with limited resources.

Each year, school districts need additional services. Therefore, the ESC is constantly collecting data, monitoring program activity, and stepping forward to provide new services while still maintaining a financially solvent operation. The Virtual Learning Academy has added a new dimension for generating revenues, not only throughout the state of Ohio, but also throughout all fifty states and twenty-three countries overseas. In addition, the health benefits program continues to grow. The program currently insures over 30,000 employees and has contracts with over one hundred eighty entities throughout the states of Ohio, Michigan, Virginia, and Tennessee.

ESC systems of internal control and procedures are reviewed throughout the year to insure a cost-efficient operation.

Contacting the ESC's Financial Management

This financial report is designed to provide the citizens supported by the districts, and investors and creditors with a general overview of the ESC's finances and to show the ESC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Ethan Tice, Treasurer, Jefferson County ESC, 2024 Sunset Boulevard, Steubenville, Ohio 43952.

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 5,611,031
Cash with fiscal agent	1,046,257
Receivables:	
Accounts	50,245
Intergovernmental	1,585,964
Prepayments	71,159
Materials and supplies inventory	1,082
Net OPEB asset	403,149
Capital assets:	
Nondepreciable capital assets	178,782
Depreciable capital assets, net	1,345,166
Capital assets, net	1,523,948
Total assets	10,292,835
Deferred outflows of resources:	
Pension	4,754,260
OPEB	2,293,074
Total deferred outflows of resources	7,047,334
Liabilities:	
Accounts payable	198,784
Accrued wages and benefits payable	695,849
Intergovernmental payable	9,946
Pension and post employment benefits payable	181,540
Accrued interest payable	144
Claims payable	281,500
Long-term liabilities:	
Due within one year	527,233
Due in more than one year:	
Net pension liability	11,469,503
Net OPEB liability	2,058,398
Other amounts due in more than one year	194,857
Total liabilities	15,617,754
Deferred inflows of resources:	
Pension	398,474
OPEB	2,000,728
Total deferred inflows of resources	2,399,202
Net position:	
Net investment in capital assets	1,488,808
Restricted for:	
OPEB	403,149
State funded programs	380,269
Federally funded programs	88,667
Other purposes	211,514
Unrestricted (deficit)	(3,249,194)
Total net position (deficit)	$ (676,787)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 620,503	$ 873,487	$ 214,913	$ 467,897
Special	1,286,269	2,431,442	-	1,145,173
Other	10,500	9,963	-	(537)
Support services:				
Pupil	2,435,407	1,996,889	110,571	(327,947)
Instructional staff	1,891,812	1,516,255	227,425	(148,132)
Board of education	28,543	26,164	-	(2,379)
Administration	4,110,858	3,472,940	435,583	(202,335)
Fiscal	1,006,801	894,937	-	(111,864)
Business	203,765	-	307,445	103,680
Operations and maintenance	142,750	102,347	19,633	(20,770)
Central	5,596,036	4,777,795	32,796	(785,445)
Operation of non-instructional services:				
Other non-instructional services	1,284,482	1,149,414	57,699	(77,369)
Interest and fiscal charges	1,767	-	-	(1,767)
Total governmental activities	18,619,493	17,251,633	1,406,065	38,205

General revenues:	
Grants and entitlements not restricted to specific programs	1,022,198
Investment earnings	74,408
Miscellaneous	145,654
Total general revenues	1,242,260
Change in net position	1,280,465
Net position (deficit) at beginning of year	(1,957,252)
Net position (deficit) at end of year	$ (676,787)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Elementary and Secondary School Emergency	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 4,970,985	$ -	$ 640,046	$ 5,611,031
Receivables:				
Accounts	50,245	-	-	50,245
Interfund loans	190,849	-	-	190,849
Intergovernmental	1,216,549	200,474	168,941	1,585,964
Prepayments	67,081	2,039	2,039	71,159
Materials and supplies inventory	1,082	-	-	1,082
Total assets	$ 6,496,791	$ 202,513	$ 811,026	$ 7,510,330
Liabilities:				
Accounts payable	$ 100,668	$ 97,735	$ 381	$ 198,784
Accrued wages and benefits payable	666,161	3,606	26,082	695,849
Intergovernmental payable	9,595	52	299	9,946
Pension and post employment benefits payable	176,759	505	4,276	181,540
Interfund loans payable	-	98,576	92,273	190,849
Total liabilities	953,183	200,474	123,311	1,276,968
Deferred inflows of resources:				
Intergovernmental revenue not available	-	101,897	-	101,897
Contract service revenue not available	45,174	-	-	45,174
Total deferred inflows of resources	45,174	101,897	-	147,071
Fund balances:				
Nonspendable:				
Materials and supplies inventory	1,082	-	-	1,082
Prepaids	67,081	2,039	2,039	71,159
Restricted:				
Non-public schools	-	-	204,200	204,200
State funded programs	-	-	387,718	387,718
Federally funded programs	-	-	88,811	88,811
Special education	-	-	7,143	7,143
Other purposes	-	-	171	171
Assigned:				
Student instruction	78	-	-	78
Student and staff support	115,615	-	-	115,615
Operation of non-instructional	277	-	-	277
Unassigned (deficit)	5,314,301	(101,897)	(2,367)	5,210,037
Total fund balances (deficit)	5,498,434	(99,858)	687,715	6,086,291
Total liabilities, deferred inflows and fund balances	$ 6,496,791	$ 202,513	$ 811,026	$ 7,510,330

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

Total governmental fund balances		$ 6,086,291
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,523,948
Other long-term assets are not available to pay for current- Intergovernmental receivable		147,071
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and governmental activities on the statement of net position.		764,757
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(144)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	4,754,260	
Deferred inflows - pension	(398,474)	
Net pension liability	(11,469,503)	
Deferred outflows - OPEB	2,293,074	
Deferred inflows - OPEB	(2,000,728)	
Net OPEB asset	403,149	
Net OPEB liability	(2,058,398)	
Total		(8,476,620)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Lease payable	(35,140)	
Compensated absences	(686,950)	
Total		(722,090)
Net position (deficit) of governmental activities		$ (676,787)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

	General	Elementary and Secondary School Emergency	(Formerly Major) Emergency Assistance to Non-Public Schools	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	$ 1,018,106	$ 843,629		$ 554,780	$ 2,416,515
Investment earnings	40,281	-		-	40,281
Tuition and fees	1,711,678	-		255,683	1,967,361
Services provided to other entities	15,236,182	-		50,606	15,286,788
Contributions and donations	4,092	-		450	4,542
Miscellaneous	145,654	-		5,000	150,654
Total revenues	18,155,993	843,629		866,519	19,866,141
Expenditures:					
Current:					
Instruction:					
Regular	273,341	29,797		278,968	582,106
Special	1,167,243	-		-	1,167,243
Other	10,500	-		-	10,500
Support services:					
Pupil	2,115,544	82,259		83,384	2,281,187
Instructional staff	1,599,022	226,876		-	1,825,898
Board of education	27,926	-		-	27,926
Administration	3,656,494	181,404		334,303	4,172,201
Fiscal	944,528	-		-	944,528
Business	-	304,412		6,815	311,227
Operations and maintenance	114,965	19,047		1,602	135,614
Central	5,028,184	-		104,191	5,132,375
Operation of non-instructional services:					
Other non-instructional services	1,210,773	-		44,434	1,255,207
Debt service:					
Principal retirement	1,406	-		34,614	36,020
Interest and fiscal charges	-	-		2,166	2,166
Total expenditures	16,149,926	843,795		890,477	17,884,198
Net change in fund balances	2,006,067	(166)		(23,958)	1,981,943
Fund balances (deficit) as previously reported	3,492,367	(99,692)	176,440	535,233	4,104,348
Adjustment - changes in major fund to nonmajor fund	-	-	(176,440)	176,440	-
Fund balances (deficit) at beginning of year, as adjusted	3,492,367	(99,692)		711,673	4,104,348
Fund balances (deficit) at end of year	$ 5,498,434	$ (99,858)		$ 687,715	$ 6,086,291

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 1,981,943
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as		
Capital asset additions	$ 458,123	
Current year depreciation/amortization	(130,878)	
Total		327,245
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in		
Contract services revenue	(2,516)	
Intergovernmental	2,206	
Total		(310)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		36,020
In the statement of activities, interest is accrued on outstanding leases, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable		399
Total other financing sources governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,349,451	
OPEB	83,836	
Total		1,433,287
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,202,318)	
OPEB	56,677	
Total		(2,145,641)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(129,244)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(223,234)
Change in net position of governmental activities		$ 1,280,465

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Governmental Activities - Internal Service Fund
Assets:	
Cash with fiscal agent	$ 1,046,257
Liabilities:	
Claims payable	281,500
Net position:	
Unrestricted	$ 764,757
Total net position	$ 764,757

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	$ 2,842,340
Operating expenses:	
Claims	3,099,701
Operating (loss)	(257,361)
Nonoperating revenues:	
Interest revenue	34,127
Change in net position	(223,234)
Net position at beginning of year	987,991
Net position at end of year	$ 764,757

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	$ 2,842,340
Cash payments for claims	(2,958,917)
Net cash used in operating activities	(116,577)
Cash flows from investing activities:	
Interest received	34,127
Net cash provided by investing activities	34,127
Net decrease in cash with fiscal agent	(82,450)
Cash with fiscal agent at beginning of year	1,128,707
Cash with fiscal agent at end of year	$ 1,046,257
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (257,361)
Changes in assets and liabilities:	
Increase in claims payable	140,784
Net cash used in operating activities	$ (116,577)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private-Purpose Trust	
	Scholarship	**Custodial**
Assets:		
Equity in pooled cash and cash equivalents	$ 13,034	$ 546,714
Cash and investments in segregated accounts	-	218,917,329
Receivables:		
Accrued interest	6	1,326,089
Total current assets	13,040	220,790,132
Total assets	13,040	220,790,132
Liabilities:		
Current liabilities:		
Accounts payable	-	5,695
Due to other governments	-	170,286
Total liabilities	-	175,981
Net position:		
Restricted for individuals, organizations and other governments	13,040	220,614,151
Total net position	$ 13,040	$ 220,614,151

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

	Private-Purpose Trust	
	Scholarship	**Custodial**
Additions:		
Earnings on investments	$ 12	$ -
Amounts collected as fiscal agent	-	23,442,272
Total additions	12	23,442,272
Deductions:		
Distributions as fiscal agent	-	3,027,876
Change in net position	12	20,414,396
Net position at beginning of year	13,028	200,199,755
Net position at end of year	$ 13,040	$ 220,614,151

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE ESC

The Jefferson County Educational Service Center (the "ESC") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The ESC is defined by Section 3311.05 of the Ohio Revised Code. The ESC operates under an elected Governing Board (five members). The following services are provided to the local school ESCs and city school ESCs under contract in Jefferson, Harrison and Columbiana counties:

Vocational Educational Services
General Instructional Services
Speech, Hearing and Language Services
Special Projects Coordination
Talented and Gifted Program
Special Educational Services
Psychological Services
Administrative Services
Developmental Handicapped and Disability Classroom Supervision

Average daily membership as of June 30, 2024 was 10,232. The Governing Board employed 57 certified employees and 268 non-certified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)
Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member ESCs. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school ESCs. The continued existence of OMERESA is not dependent on the ESC's continued participation and no equity interest exists. OMERESA has no outstanding debt. During fiscal year 2024, the ESC paid $27,367 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

PUBLIC ENTITY RISK POOLS

Jefferson Health Plan (the "Health Plan")
The ESC participates in the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from $35,000 to $150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and $500,000, and all claims between the deductible and the $500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants.

All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding $500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third-party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

During fiscal year 2024, the ESC was fiscal agent for the Health Plan.

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

Workers' Compensation Group Rating Program
The ESC participates in the Ohio Association of School Business Officials (OASBO)/ CompManagement, Inc. Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the ESC by virtue of its grouping and representation with other participants in the GRP. The ESC pays a fee to the GRP to cover the costs of administering the program. Refer to Note 8.B. for further information on the GRP.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Elementary and Secondary school Emergency Relief fund (ESSER) – This fund is used to account for financial resources received and expenditures for the ESSER program.

Other governmental funds of the ESC are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

PROPRIETARY FUND

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

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the ESC or to other governments, on a cost-reimbursement basis. The internal service fund of the ESC accounts for a self-insurance program which provides medical benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The ESC's trust fund is a private-purpose trust which accounts for scholarships. The ESC's custodial funds account for various resources held as fiscal agent for the Jefferson Health Plan and the Jefferson County Family and Children First Council.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the ESC as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements - Fund financial statements report detailed information about the ESC. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined, and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 9 and 10 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 9 and 10 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Budgets

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

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

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

F. Cash and Investments

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

During fiscal year 2024, the ESC's investments were limited to non-negotiable certificates of deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in nonparticipating investment contracts, such as nonnegotiable certificates of deposit and STAR Ohio, are recorded at cost.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Governing Board investment earnings are assigned to the general fund, the Self-Insurance internal service fund, (which is maintained by a fiscal agent in an interest-bearing account separate from the ESC's internal investment pool), and the private-purpose trust fund. Interest revenue credited to the general fund during fiscal year 2024 amounted to $40,281, which includes $4,262 assigned from other ESC funds.

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

G. Capital Assets

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

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

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

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

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

Description	Governmental Activities Estimated Lives
Buildings	40 years
Furniture and equipment	5 - 30 years
Intangible leased assets	5 years
Vehicles	10 years

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

H. Interfund Balances

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

I. Compensated Absences

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

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

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

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

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

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

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

K. Inventory

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

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

M. Net Position

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

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

N. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of the net current position.

O. Estimates

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the ESC, these revenues are charges for services for a self-insurance program. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. During fiscal year 2024, the ESC had no interfund activity.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 was shown in the financial statements to move the formerly major Emergency Assistance Non-Public Schools fund from a major fund to a non-major fund.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

Nonmajor governmental funds	Deficit
Adult Basic Education	$ 2,367

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

A. Cash with Fiscal Agent

The ESC is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2024, was $1,046,257.

B. Cash and Investments in Segregated Accounts

The ESC is fiscal agent for the Jefferson Health Plan. At June 30, 2024, $218,917,329 was held in custodial funds on behalf of the Health Plan. The deposits and investments of the Health Plan are held separate from the ESC internal cash management pool. The data regarding insurance and collateralization of the Health Plan deposits and investments can be obtained from the entity's separate financial statements for the fiscal year ended June 30, 2024.

C. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all ESC deposits was $5,316,551 and the bank balance of all ESC deposits was $5,394,810. Of the bank balance, $262,205 was covered by the FDIC, $2,566,303 was covered by the Ohio Pooled Collateral System, and $2,566,302 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

D. Investments

As of June 30, 2024, the ESC had the following investment and maturity:

Measurement/ Investment type	Measurement Value	Investment Maturity 6 months or less
Amortized cost:		
STAR Ohio	$ 854,228	$ 854,228

The weighted average maturity of investments is 1 day.

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The ESC has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ESC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The ESC's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The ESC places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the ESC at June 30, 2024:

Measurement/ Investment type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	$ 854,228	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Cash and investments per note		
Carrying amount of deposits	$	5,316,551
Investments		854,228
Cash with fiscal agent		1,046,257
Cash and investments in segregated accounts		218,917,329
Total	$	226,134,365
Cash and investments per statement of net position		
Governmental activities	$	6,657,288
Private-purpose trust funds		13,034
Custodial funds		219,464,043
Total	$	226,134,365

NOTE 5 - RECEIVABLES

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

Governmental activities:

Accounts	$ 50,245
Intergovernmental	1,585,964
Total	$ 1,636,209

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

NOTE 6 - CAPITAL ASSETS

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

	Balance 06/30/23	Additions	Disposals	Balance 06/30/24
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 178,782	$ -	$ -	$ 178,782
Total capital assets, not being depreciated/amortized	178,782	-	-	178,782
Capital assets, being depreciated/amortized:				
Buildings and improvements	894,336	78,921	-	973,257
Furniture and equipment	397,304	135,762	-	533,066
Vehicles	113,637	243,440	(7,172)	349,905
Intangible right to use:				
Leased equipment	7,472	-	-	7,472
Leased building	97,331	-	-	97,331
Total capital assets, being depreciated/amortized	1,510,080	458,123	(7,172)	1,961,031
Less: accumulated depreciation/amortization:				
Buildings and improvements	(173,820)	(22,148)	-	(195,968)
Furniture and equipment	(224,045)	(54,011)	-	(278,056)
Vehicles	(55,177)	(20,755)	7,172	(68,760)
Intangible right to use:				
Leased equipment	(1,266)	(32,444)	-	(33,710)
Leased building	(37,851)	(1,520)	-	(39,371)
Total accumulated depreciation/amortization	(492,159)	(130,878)	7,172	(615,865)
Total capital assets, being depreciated/ amortized, net	1,017,921	327,245	-	1,345,166
Governmental activities capital assets, net	$ 1,196,703	$ 327,245	$ -	$ 1,523,948

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

Instruction:	
Special	$ 423
Support services:	
Administration	39,886
Business	17,718
Central	72,851
Total depreciation/amortization expense	$ 130,878

NOTE 7 - LONG-TERM OBLIGATIONS

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

	Balance 06/30/23	Additions	Reductions	Balance 06/30/24	Amounts Due in One Year
Lease payable	$ 71,160	$ -	$ (36,020)	$ 35,140	$ 31,672
Compensated absences	557,706	503,009	(373,765)	686,950	495,561
Net pension liability	8,548,586	2,920,917	-	11,469,503	-
Net OPEB liability	1,209,148	849,250	-	2,058,398	-
Total	$ 10,386,600	$ 4,273,176	$ (409,785)	$ 14,249,991	$ 527,233

Leases Payable - The ESC has entered into lease agreements for the use of right to use equipment and building space. Due to the implementation of GASB Statement No. 87, the ESC will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the miscellaneous federal grants fund (a nonmajor governmental fund).

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

Purpose	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier Equipment 2023	2022	5	2027	Monthly
Building space	2022	3	2025	Monthly

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

Fiscal Year	Principal	Interest	Total
2025	$ 31,672	$ 910	$ 32,582
2026	1,554	138	1,692
2027	1,633	58	1,691
2028	281	2	283
Total	$ 35,140	$ 1,108	$ 36,248

Compensated Absences
Compensated absences will be paid from the fund from which the employees' salaries are paid, which consist of the general fund.

Net Pension Liability
The ESC pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset
The ESC pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The ESC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The ESC has a comprehensive property and casualty policy through Schools of Ohio Risk Sharing Authority. There is no deductible on any occurrences except $50,000 on Earth Movement and Floods. All Board members, administrators, and employees are covered under a school district liability policy. The limits of this coverage are $2,000,000 per occurrence and $8,000,000 per aggregate. The treasurer is covered under a surety bond in the amount of $250,000. The ESC also has an Employed Lawyers Liability policy through Illinois National Insurance Company. The policy covers up to $1,000,000 of liability for an in-house attorney.

Settled claims have not exceeded this commercial coverage in the past three years. There has been no significant reduction in coverage from fiscal year 2023.

B. Group Workers' Compensation Rating Plan

For fiscal year 2024, the ESC participated in the OASBO/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the ESC by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Group Life, Medical, Dental and Vision Insurance

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. The ESC is a member of a claims servicing pool, consisting of school ESCs and other entities throughout the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the ESC's behalf. The plan is administered through the Jefferson Health Plan and provides stop loss protection of claims over $1,500,000 per individual per year. The claims liability of $281,500 as reported in the internal service fund at June 30, 2024, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2024	$ 140,716	$ 3,099,701	$ (2,958,917)	$ 281,500
2023	104,115	1,850,037	(1,813,436)	140,716

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

The ESC's contractually required contribution to SERS was $950,376 for fiscal year 2024. Of this amount, $47,274 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The ESC's contractually required contribution to STRS was $399,075 for fiscal year 2024. Of this amount, $40,649 is reported as pension and postemployment benefits payable.

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

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

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.083917100%	0.018037220%	
Proportion of the net pension liability current measurement date	0.126785300%	0.020728940%	
Change in proportionate share	0.042868200%	0.002691720%	
Proportionate share of the net pension liability	$ 7,005,538	$ 4,463,965	$ 11,469,503
Pension expense	$ 1,576,830	$ 625,488	$ 2,202,318

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 301,113	$ 162,748	$ 463,861
Changes of assumptions	49,624	367,631	417,255
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,851,035	672,658	2,523,693
Contributions subsequent to the measurement date	950,376	399,075	1,349,451
Total deferred outflows of resources	$ 3,152,148	$ 1,602,112	$ 4,754,260

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 9,907	$ 9,907
Net difference between projected and actual earnings on pension plan investments	98,468	13,379	111,847
Changes of assumptions	-	276,720	276,720
Total deferred inflows of resources	$ 98,468	$ 300,006	$ 398,474

$1,349,451 reported as deferred outflows of resources related to pension resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	$ 859,125	$ 234,570	$ 1,093,695
2026	353,199	29,759	382,958
2027	885,762	553,016	1,438,778
2028	5,218	85,686	90,904
Total	$ 2,103,304	$ 903,031	$ 3,006,335

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	$ 10,339,820	$ 7,005,538	$ 4,197,045

Actuarial Assumptions - STRS

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	$ 6,864,589	$ 4,463,965	$ 2,433,693

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The ESC contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the ESC's surcharge obligation was $83,836.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The ESC's contractually required contribution to SERS was $83,836 for fiscal year 2024. Of this amount, $83,836 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.086121000%	0.018037220%	
Proportion of the net OPEB liability/asset current measurement date	0.124944800%	0.020728940%	
Change in proportionate share	0.038823800%	0.002691720%	
Proportionate share of the net OPEB liability	$ 2,058,398	$ -	$ 2,058,398
Proportionate share of the net OPEB asset	$ -	$ (403,149)	$ (403,149)
OPEB expense	$ (28,475)	$ (28,202)	$ (56,677)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 4,287	$ 629	$ 4,916
Net difference between projected and actual earnings on OPEB plan investments	15,953	721	16,674
Changes of assumptions	696,003	59,388	755,391
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,424,182	8,075	1,432,257
Contributions subsequent to the measurement date	83,836	-	83,836
Total deferred outflows of resources	$ 2,224,261	$ 68,813	$ 2,293,074

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,061,592	$ 61,488	$ 1,123,080
Changes of assumptions	584,606	265,992	850,598
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	16,515	10,535	27,050
Total deferred inflows of resources	$ 1,662,713	$ 338,015	$ 2,000,728

$83,836 reported as deferred outflows of resources related to OPEB resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	$ (88,104)	$ (113,014)	$ (201,118)
2026	(38,470)	(55,723)	(94,193)
2027	36,517	(21,582)	14,935
2028	60,139	(29,459)	30,680
2029	72,519	(27,115)	45,404
Thereafter	435,111	(22,309)	412,802
Total	$ 477,712	$ (269,202)	$ 208,510

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.

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

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

In 2023, the following mortality assumptions were used:

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

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

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net OPEB liability	$ 2,631,220	$ 2,058,398	$ 1,606,703

	1% Decrease	Current Trend Rate	1% Increase
ESC's proportionate share of the net OPEB liability	$ 1,512,233	$ 2,058,398	$ 2,782,138

Actuarial Assumptions - STRS

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 4.27% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 4.27% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the ESC's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (3.27%) or one percentage point higher (5.27%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net OPEB asset	$ 341,213	$ 403,149	$ 457,089

	1% Decrease	Current Trend Rate	1% Increase
ESC's proportionate share of the net OPEB asset	$ 459,592	$ 403,149	$ 335,165

NOTE 11 - CONTINGENCIES

A. Grants

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

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

B. Litigation

The ESC is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Educational service centers must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the ESC, which can extend past the fiscal year-end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the ESC.

NOTE 12 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the ESC received COVID-19 funding. The ESC will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

NOTE 13 - COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 115,970
ESSER	124,230
Nonmajor governmental funds	7,457
Total	$ 247,657

NOTE 14 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable at June 30, 2024 consisted of the following as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General fund	$ 190,849	$ -
ESSER	-	98,576
Nonmajor governmental funds	-	92,273
Total	$ 190,849	$ 190,849

The primary purpose of the interfund balances is to cover cash deficits at June 30. These interfund balances will be repaid once the anticipated cash is received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY EDUCATIONAL CENTER
JEFFERSON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	ESC's Proportion of the Net Pension Liability	ESC's Proportionate Share of the Net Pension Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.12678530%	$ 7,005,538	$ 4,913,264	142.58%	76.06%
2023	0.08391710%	$ 4,538,889	$ 3,282,857	138.26%	75.82%
2022	0.07404540%	$ 2,732,061	$ 2,582,586	105.79%	82.86%
2021	0.06663970%	$ 4,407,690	$ 2,338,071	188.52%	68.55%
2020	0.05510810%	$ 3,297,214	$ 1,892,422	174.23%	70.85%
2019	0.04943610%	$ 2,831,297	$ 1,639,704	172.67%	71.36%
2018	0.05886740%	$ 3,517,197	$ 1,936,700	181.61%	69.50%
2017	0.05890660%	$ 4,311,420	$ 1,843,393	233.89%	62.98%
2016	0.04100570%	$ 2,339,825	$ 1,234,484	189.54%	69.16%
2015	0.02939100%	$ 1,487,462	$ 854,033	174.17%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 950,376	$ (950,376)	$ -	$ 6,788,400	14.00%
2023	$ 687,857	(687,857)	-	4,913,264	14.00%
2022	$ 459,600	(459,600)	-	3,282,857	14.00%
2021	$ 361,562	(361,562)	-	2,582,586	14.00%
2020	$ 327,330	(327,330)	-	2,338,071	14.00%
2019	$ 255,477	(255,477)	-	1,892,422	13.50%
2018	$ 221,360	(221,360)	-	1,639,704	13.50%
2017	$ 271,138	(271,138)	-	1,936,700	14.00%
2016	$ 258,075	(258,075)	-	1,843,393	14.00%
2015	$ 162,705	(162,705)	-	1,234,484	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY EDUCATIONAL CENTER
JEFFERSON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	ESC's Proportion of the Net Pension Liability	ESC's Proportionate Share of the Net Pension Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.02072894%	$ 4,463,965	$ 2,886,414	154.65%	80.02%
2023	0.01803722%	$ 4,009,697	$ 2,365,014	169.54%	78.88%
2022	0.01670652%	$ 2,136,079	$ 2,060,614	103.66%	87.78%
2021	0.01646300%	$ 3,983,460	$ 2,430,086	163.92%	75.48%
2020	0.01442763%	$ 3,190,584	$ 1,704,921	187.14%	77.40%
2019	0.01497649%	$ 3,292,994	$ 1,710,350	192.53%	77.31%
2018	0.01387005%	$ 3,294,860	$ 1,535,893	214.52%	75.30%
2017	0.01482333%	$ 4,961,815	$ 1,554,429	319.20%	66.80%
2016	0.01628096%	$ 4,499,581	$ 1,698,643	264.89%	72.10%
2015	0.01631771%	$ 3,969,032	$ 1,667,223	238.06%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 399,075	$ (399,075)	$ -	$ 2,850,536	14.00%
2023	$ 404,098	(404,098)	-	2,886,414	14.00%
2022	$ 331,102	(331,102)	-	2,365,014	14.00%
2021	$ 288,486	(288,486)	-	2,060,614	14.00%
2020	$ 340,212	(340,212)	-	2,430,086	14.00%
2019	$ 238,689	(238,689)	-	1,704,921	14.00%
2018	$ 239,449	(239,449)	-	1,710,350	14.00%
2017	$ 215,025	(215,025)	-	1,535,893	14.00%
2016	$ 217,620	(217,620)	-	1,554,429	14.00%
2015	$ 237,810	(237,810)	-	1,698,643	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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JEFFERSON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	ESC's Proportion of the Net OPEB Liability	ESC's Proportionate Share of the Net OPEB Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.12494480%	$ 2,058,398	$ 4,913,264	41.89%	30.02%
2023	0.08612100%	$ 1,209,148	$ 3,282,857	36.83%	30.34%
2022	0.07426060%	$ 1,405,443	$ 2,582,586	54.42%	24.08%
2021	0.06576270%	$ 1,429,239	$ 2,338,071	61.13%	18.17%
2020	0.05376260%	$ 1,352,016	$ 1,892,422	71.44%	15.57%
2019	0.04969910%	$ 1,378,787	$ 1,639,704	84.09%	13.57%
2018	0.05789790%	$ 1,553,828	$ 1,936,700	80.23%	12.46%
2017	0.05897423%	$ 1,680,984	$ 1,843,393	91.19%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 83,836	$ (83,836)	$ -	$ 6,788,400	1.00%
2023	$ 61,570	(61,570)	-	4,913,264	1.25%
2022	$ 57,853	(57,853)	-	3,282,857	1.76%
2021	$ 38,057	(38,057)	-	2,582,586	1.47%
2020	$ 26,217	(26,217)	-	2,338,071	1.12%
2019	$ 29,565	(29,565)	-	1,892,422	1.56%
2018	$ 33,033	(33,033)	-	1,639,704	2.01%
2017	$ 23,050	(23,050)	-	1,936,700	1.19%
2016	$ 26,747	(26,747)	-	1,843,393	1.45%
2015	$ 17,780	(17,780)	-	1,234,484	1.44%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY EDUCATIONAL CENTER
JEFFERSON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	ESC's Proportion of the Net OPEB Liability/(Asset)	ESC's Proportionate Share of the Net OPEB Liability/(Asset)	ESC's Covered Payroll	ESC's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.02072894%	$ (403,149)	$ 2,886,414	13.97%	168.52%
2023	0.01803722%	$ (467,044)	$ 2,365,014	19.75%	230.73%
2022	0.01670652%	$ (352,243)	$ 2,060,614	17.09%	174.73%
2021	0.01646300%	$ (289,337)	$ 2,430,086	11.91%	182.10%
2020	0.01442763%	$ (238,956)	$ 1,704,921	14.02%	174.74%
2019	0.01497649%	$ (240,657)	$ 1,710,350	14.07%	176.00%
2018	0.01387005%	$ 541,158	$ 1,535,893	35.23%	47.10%
2017	0.01482333%	$ 792,756	$ 1,554,429	51.00%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ -	$ -	$ -	$ 2,850,536	0.00%
2023	-	-	-	2,886,414	0.00%
2022	-	-	-	2,365,014	0.00%
2021	-	-	-	2,060,614	0.00%
2020	-	-	-	2,430,086	0.00%
2019	-	-	-	1,704,921	0.00%
2018	-	-	-	1,710,350	0.00%
2017	-	-	-	1,535,893	0.00%
2016	-	-	-	1,554,429	0.00%
2015	-	-	-	1,698,643	0.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

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

Change in assumptions:

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

OTHER INFORMATION

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		**Actual Amounts**	**Variance with Final Budget - over (under)**
	Original	**Final**	**Budgetary Basis**	**Actual Amounts**
Budgetary revenues and other financing sources	$ 10,236,500	$ 25,977,394	$ 25,977,394	$ -
Budgetary expenditures and other financing uses	C 11,515,928	24,104,165	24,104,165	-
Net change in fund balance	(1,279,428)	1,873,229	1,873,229	-
Budgetary fund balance at beginning of year	3,033,784	3,033,784	3,033,784	-
Prior year encumbrances appropriated	728	728	728	-
Budgetary fund balance at end of year	$ 1,755,084	$ 4,907,741	$ 4,907,741	$ -

SEE ACCOMPANYING NOTES TO THE OTHER INFORMATION

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		**Actual Amounts Budgetary Basis**	**Variance with Final Budget - over (under) Actual Amounts**
	Original	**Final**		
Budgetary revenues and other financing sources	$ 792,000	$ 844,547	$ 844,547	$ -
Budgetary expenditures and other financing uses	C 787,550	976,858	976,858	-
Net change in fund balance	4,450	(132,311)	(132,311)	-
Budgetary fund balance at beginning of year	8,081	8,081	8,081	-
Budgetary fund balance at end of year	$ 12,531	$ (124,230)	$ (124,230)	$ -

SEE ACCOMPANYING NOTES TO THE OTHER INFORMATION

NOTE 1 - BUDGETARY PROCESS

The ESC is not required under State statute to file budgetary information with the State Department of Education. However, the ESC Governing Board does follow the budgetary process for control purposes.

The ESC Governing Board adopts an annual appropriation resolution, which is the Governing Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by the Governing Board. The level of control has been established by the Governing Board at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the ESC has elected to present the general fund and the elementary and secondary school emergency relief fund budgetary statement comparison schedule at the fund and function level. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary schedule reflects the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amount reported as the final budgeted amounts on the budgetary schedule represents the final appropriation amounts passed by the Governing Board during the fiscal year.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

While the ESC is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) - for the general fund and the elementary and secondary school emergency relief fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

3. To reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

4. Advances-in and advances-out are operating transactions (budget-basis) as opposed to balance sheet transactions (GAAP basis); and

5. Some funds are included in the general fund (GAAP basis) but have separate budgets (budget-basis).

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund, elementary and secondary emergency relief fund, and emergency assistance to non-public schools fund is as follows:

Net Change in Fund Balance

	General fund	ESSER fund
Budget basis	$ 1,873,229	$ (132,311)
Net adjustment for revenue accruals	(7,821,401)	(918)
Net adjustment for expenditure accruals	7,838,269	8,833
Adjustments for encumbrances	115,970	124,230
GAAP Basis	$ 2,006,067	$ (166)

The internal service rotary fund that is budgeted in a separate special revenue fund is considered part of the general fund on a GAAP basis.

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

Federal Grantor/ *Pass-Through Grantor/* Program or Cluster Title	Assistance Listing Number	Expenditures
U.S. Department of Education		
Passed through Ohio Department of Education and Workforce		
Comprehensive Literacy Development	84.371C	$ 74,056
Education Stabilization Fund -		
ARP ESSER - Extended Learning and Recovery	84.425U	629,961
Family and Community Partner Liaisons	84.425U	131,259
Total ALN #84.425		761,220
Total Passed through Ohio Department of Education and Workforce		835,276
Passed through Ohio Department of Developmental Disabilities		
COVID-19 - FCFC - ARPA Funds	84.141X	4,622
Total U.S. Department of Education		839,898
U.S. Department of Treasury		
Passed through Jefferson County, Ohio		
COVID-19 - ARPA Resource Network Project	21.027	50,605
Total U.S. Department of Treasury		50,605
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 890,503

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Jefferson County Educational Service Center under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Jefferson County Educational Service Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Jefferson County Educational Service Center.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

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*

Jefferson County Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Members of the Governing Board:

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

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

Jefferson County Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Members of the Governing Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Jefferson County Educational Service Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Jefferson County Educational Service Center's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

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

1. **SUMMARY OF AUDITOR'S RESULTS**

2024(i)	Type of Financial Statement Opinion	Unmodified
2024(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2024(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2024(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2024(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2024(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2024(v)	Type of Major Programs' Compliance Opinions	Unmodified
2024(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2024(vii)	Major Programs (list): Education Stabilization Fund - ARP ESSER - Extended Learning and Recovery - ALN #84.425U Family and Community Partner Liaisons - ALN #84.425U	
2024(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others less than $750,000
2024(ix)	Low Risk Auditee?	No

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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

The prior issued audit report, as of June 30, 2023, contained no audit findings.

JEFFERSON COUNTY
EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

Zupka & Associates
Certified Public Accountants

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Jefferson County Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Members of the Governing Board:

Report on the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Educational Service Center as of June 30, 2023, and the 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

We did not subject the Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased $667,994 which represents a 25.45% increase from 2022.

- General revenues accounted for $988,709 in revenue or 6.75% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $13,667,775 or 93.25% of total revenues of $14,656,459.

- The ESC had $13,988,465 in expenses related to governmental activities; $988,684 of these expenses were offset by general revenues supporting governmental activities (unrestricted grants and entitlements). Program specific charges for services, grants or contributions of $13,667,775 were adequate to provide for these programs.

- The ESC's major governmental funds are the general fund, the elementary and secondary emergency relief fund (ESSER), and the emergency assistance to non-public schools fund. The general fund had $13,071,417 in revenues and other financing sources and $12,627,008 in expenditures. During fiscal year 2023, the general fund's fund balance increased $444,409 from $3,047,958 to $3,492,367.

- The ESSER fund had $209,170 in revenues and $308,862 in expenditures. During fiscal year 2023, the ESSER fund balance decreased $99,692 to a deficit fund balance of $99,692.

- The emergency assistance to non-public schools fund had $378,366 in revenues and $499,793 in expenditures. During fiscal year 2023, the emergency assistance to non-public schools fund balance decreased $121,427 from a balance of $297,867 to a balance of $176,440.

Using the Basic Financial Statements (BFS)

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

The statement of net position and statement of activities provide information about the activities of the whole ESC, presenting both an aggregate view of the ESC's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the ESC's most significant funds with all other nonmajor funds presented in total in one column. In the case of the ESC, the general fund, the ESSER fund, and the emergency assistance to non-public schools fund are the only governmental funds reported as major funds.

Reporting the ESC as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the ESC to provide programs and activities, the view of the ESC as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the ESC's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the ESC's major funds. The ESC uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the ESC's most significant funds. The ESC's major governmental funds are the general fund, the elementary and secondary school emergency relief fund, and the emergency assistance to non-public schools fund.

Governmental Funds

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

Proprietary Funds

The ESC maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the ESC's various functions. The ESC's internal service fund accounts for medical/surgical, vision and dental self-insurance.

Reporting the ESC's Fiduciary Responsibilities

The activity presented as agency funds account for monies due to other governments, individuals or private organizations. The ESC is also the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. These activities are excluded from the ESC's other financial statements because the assets cannot be utilized by the ESC to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Other Information

The ESC has presented a budgetary comparison schedule for the general fund, the ESSER fund, and the emergency assistance for non-public schools fund as other information.

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The ESC as a Whole

Recall that the statement of net position provides the perspective of the ESC as a whole.

The table below provides a summary of the ESC's net position for fiscal years 2023 and 2022.

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current and other assets	$ 6,426,575	$ 5,300,943
Net OPEB asset	467,044	352,243
Capital assets, net	1,196,703	994,461
Total assets	8,090,322	6,647,647
Deferred outflows of resources		
Pension	2,874,746	2,299,869
OPEB	976,536	832,465
Total deferred outflows of resources	3,851,282	3,132,334
Liabilities		
Current liabilities	1,187,398	795,175
Long-term liabilities:		
Due within one year	409,785	303,509
Due in more than one year:		
Net pension liability	8,548,586	4,868,140
Net OPEB liability	1,209,148	1,405,443
Other amounts	219,081	247,100
Total liabilities	11,573,998	7,619,367
Deferred inflows of resources		
Pension	587,010	3,376,828
OPEB	1,737,848	1,409,032
Total deferred inflows of resources	2,324,858	4,785,860
Net Position		
Net Investment in capital assets	1,125,543	896,849
Restricted	816,875	459,067
Unrestricted (deficit)	(3,899,670)	(3,981,162)
Total net position (deficit)	$ (1,957,252)	$ (2,625,246)

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the ESC's liabilities and deferred inflows exceeded assets and deferred outflows by $1,957,252 of this total; $816,875 is restricted in use.

Deferred outflows related to pension increased primarily due to changes in the employer's proportion percentage/difference between employer's contributions and the employer's proportional share of contributions by the State Teachers Retirement System (STRS). See Note 9 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 10 for more detail.

The net pension liability increased $3,680,446 or 75.60% and deferred inflows of resources related to pension decreased $2,789,818 or 82.62%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

Current and other assets increased primarily in the area of equity in pooled cash and cash equivalents due to current year operations. Long-term liabilities increased as a result of an increase in the net pension liability discussed above. This increase is outside of the control of the ESC. The ESC contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to ESC employees, not the ESC.

At year-end, capital assets represented 14.79% of total assets. Capital assets include land, buildings, furniture and equipment, vehicles, and intangible right to use assets. Net investment in capital assets at June 30, 2023 was $1,125,543. These capital assets are used to provide the ESC's services and are not available for future spending. Although the ESC's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

$816,875 of the ESC's net position is subject to external restriction on how it may be used. The remaining balance of unrestricted net position is a deficit of $3,899,670. The deficit balance of unrestricted net position was the result of reporting the net pension liability required by GASB 68 and net OPEB liability required by GASB 75.

The table below shows the change in net position for fiscal years 2023 and 2022.

Change in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program revenues:		
Charges for services and sales	$ 12,322,044	$ 8,791,310
Operating grants and contributions	1,345,731	2,154,321
General revenues:		
Grants and entitlements	938,709	377,079
Investment earnings	47,754	9,372
Other	2,221	5,309
Total revenues	14,656,459	11,337,391
Program expenses:		
Instruction:		
Regular	$ 466,546	$ 531,322
Special	1,042,430	754,922
Other	10,500	-
Support services:		
Pupil	2,201,903	1,733,864
Instructional staff	1,690,939	1,684,773
Board of education	16,720	17,926
Administration	3,794,522	3,297,771
Fiscal	786,821	637,846
Business	81,511	55,257
Operations and maintenance	66,342	48,753
Central	2,562,468	785,443
Operation of non-instructional services	1,264,572	1,139,195
Interest and fiscal charges	3,191	872
Total expenses	13,988,465	10,687,944
Change in net position	667,994	649,447
Net position (deficit) at beginning of year	(2,625,246)	(3,274,693)
Net position (deficit) at end of year	$ (1,957,252)	$ (2,625,246)

Overall, expenses of the governmental activities increased $3,300,521 or 30.09%. This increase is primarily the result of an increase in pension expense. Pension expense increased approximately $921,276. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

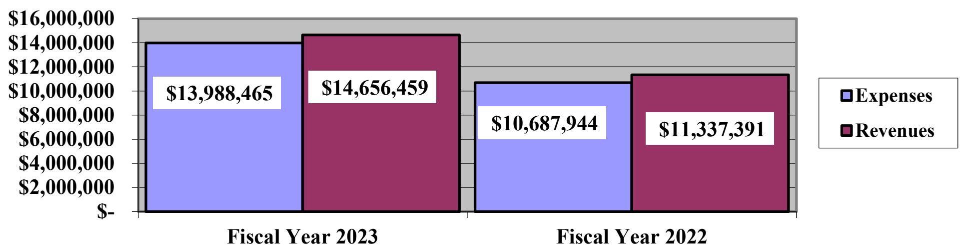
Governmental Activities

Net position of the ESC's governmental activities increased $667,994. Total governmental expenses of $13,988,465 were offset by general revenues of $988,684 and program revenues of $13,667,775 were adequate to provide for the remaining expenses.

The primary sources of revenue for governmental activities are derived from contracted fees for services provided to other entities. This revenue source represents 84.07% of total governmental revenue.

The graph below presents the ESC's governmental activities revenue and expenses for fiscal years 2023 and 2022.

Governmental Activities - Revenues and Expenses



As discussed above, fluctuations in the pension expense reported under GASB 68 and GASB75 makes it difficult to compare financial information between years. Pension expense is a component of Total Cost of Services and Net Cost of Services reported on the statement of activities. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements, and other general revenues not restricted to a specific program.

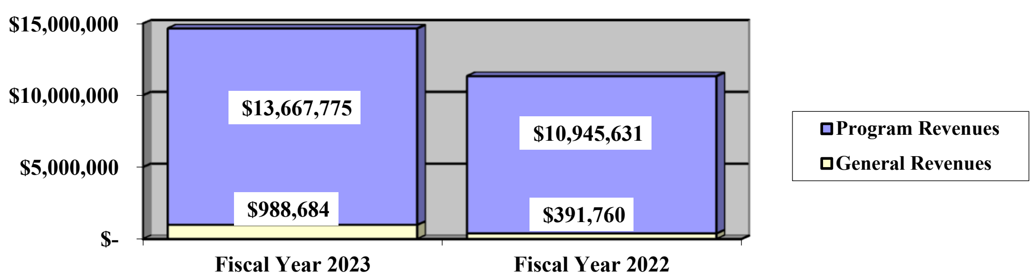
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses				
Instruction:				
Regular	$ 466,546	$ (746,920)	$ 531,322	$ (527,169)
Special	1,042,430	(1,121,482)	754,922	(1,080,339)
Other	10,500	(6,127)	-	(11,090)
Support services:				
Pupil	2,201,903	84,645	1,733,864	302,054
Instructional staff	1,690,939	(365,663)	1,684,773	262,164
Board of education	16,720	(4,938)	17,926	3,480
Administration	3,794,522	(139,607)	3,297,771	197,631
Fiscal	786,821	(358,364)	637,846	(16,274)
Business	81,511	6,266	55,257	(35,970)
Operations and maintenance	66,342	(18,420)	48,753	(20,915)
Central	2,562,468	2,562,468	785,443	(22,877)
Operations of non-instructional services	1,264,572	425,641	1,139,195	690,746
Interest and fiscal charges	3,191	3,191	872	872
Total	$ 13,988,465	$ 320,690	$ 10,687,944	$ (257,687)

For all governmental activities, program revenue support is 97.71%. The primary support of the ESC is contracted fees for services provided to other districts.

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

Governmental Activities - General and Program Revenues



The ESC's Funds

The ESC's governmental funds (as presented on the balance sheet) reported a combined fund balance of $4,104,348, which is more than last year's total of $3,537,789. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Change
General	$ 3,492,367	$ 3,047,958	$ 444,409
ESSER	(99,692)	-	(99,692)
Emergency Assistance to Non-Public Schools	176,440	297,867	(121,427)
Other governmental	535,233	191,964	343,269
Total	$ 4,104,348	$ 3,537,789	$ 566,559

General Fund

The ESC's general fund balance increased $444,409. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2023 Amount	2022 Amount	Percentage Change
Revenues			
Services provided to other entities	$ 10,534,259	$ 7,088,816	48.60 %
Tuition	1,564,977	1,585,881	(1.32) %
Earnings on investments	23,778	1,661	1,331.55 %
Intergovernmental	933,809	370,502	152.04 %
Other revenues	7,122	12,609	(43.52) %
Total	$ 13,063,945	$ 9,059,469	44.20 %
Expenditures			
Instruction	$ 1,340,332	$ 1,083,371	23.72 %
Support services	10,120,451	7,106,200	42.42 %
Operation of non-instructional services	1,157,350	1,062,519	8.93 %
Capital outlay	7,472	-	100.00 %
Debt service	1,403	1,697	(17.32) %
Total	$ 12,627,008	$ 9,253,787	36.45 %

During fiscal year 2023, the ESC reported more revenue for services performed for other entities than it did in the prior year due to more reimbursements of personnel costs from Lakeland Academy. The revenue for services performed to other entities for the fiscal years ended June 30, 2023, 2022 and 2021 was $10,534,259, $7,088,816 and $8,470,445, respectively. Intergovernmental revenue increased primarily due to an increase in foundation provided by the State of Ohio. Other revenues decreased primarily due to receiving less donations. Earnings on investments increased primarily due to an increased in interest rates earned on investments. Instruction expenditures increased primarily in the area of special instruction expenditures. Support services increased primarily in the area of pupil and administration expenditures. Operation of non-instructional increased due to personnel costs associated with services performed for the Jefferson Family and Children First Council (FCFC). The ESC bills the FCFC for these services. All other expenditures remained comparable to the prior year.

Elementary and Secondary Emergency Relief Fund (ESSER)

The ESSER fund had $209,170 in revenues and $308,862 in expenditures. During fiscal year 2023, the ESSER fund balance decreased $99,692 to a deficit balance of $99,692.

Emergency Assistance to Non-Public Schools Fund

The emergency assistance to non-public schools fund had $378,366 in revenues and $499,793 in expenditures. During fiscal year 2023, the emergency assistance to non-public schools fund balance decreased $121,427 from a balance of $297,867 to a balance of $176,440.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the ESC had $1,196,703 invested in land, buildings, furniture and equipment, vehicles, and intangible right to use assets. This entire amount is reported in governmental activities. The following table shows June 30, 2023 balances compared to June 30, 2022.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2023	2022
Land	$ 178,782	$ 178,782
Buildings	720,516	628,270
Furniture and equipment	173,259	28,442
Vehicles	58,460	67,043
Intangible right to use assets	65,686	91,924
Total	$ 1,196,703	$ 994,461

In total capital assets increased $202,242 for fiscal year 2023. A total of $287,891 in capital asset additions in fiscal year 2023 exceeded depreciation expense of $85,649.

See Note 6 to the basic financial statements for additional information on the ESC's capital assets.

Debt Administration

At June 30, 2023, the ESC had $71,160 in leases outstanding. Of this total, $36,020 is due within one year and $35,140 is due in more than one year.

The following table summarizes the leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2023	Governmental Activities 2022
Lease Payable	$ 71,160	$ 97,612

See Note 7 to the basic financial statements for detail on the ESC's debt administration.

Current Financial Related Activities

The ESC is financially solvent. As the preceding information shows, the ESC relies heavily on contracts with local, city, and JVS school districts in Jefferson, Harrison and Columbiana Counties, as well as State foundation revenue, and grants. The need for additional services from local and city school districts, which is paid for by excess costs, State funding and grants will provide the ESC with necessary funds to meet operating expenses in fiscal year 2023. However, the future financial stability of the ESC is not without concerns.

Declining enrollment in Jefferson County remains a concern of the ESC. State funding for the ESC and the districts is based on average daily membership of participating school districts. Continued decline in enrollment will have a direct impact on state revenues received by school districts and the amount of services they will need from the ESC. As district revenues decline, they rely on the ESC for services and personnel they cannot employ at the district level. With little to no increases from the State, the ESC is forced to try to do more with limited resources.

Each year, school districts need additional services. Therefore, the ESC is constantly collecting data, monitoring program activity, and stepping forward to provide new services while still maintaining a financially solvent operation. The Virtual Learning Academy adds a dimension for generating revenues, not only throughout the state of Ohio, but also throughout all fifty states and twenty-three countries overseas. In addition, the health benefits program continues to grow. The program currently insures over 26,000 employees and has contracts with over one hundred eighty entities throughout the states of Ohio, Michigan, Indiana, Virgina, Kentucky, and Tennessee.

ESC systems of internal control and procedures are reviewed throughout the year to insure a cost-efficient operation.

Contacting the ESC's Financial Management

This financial report is designed to provide the citizens supported by the districts, and investors and creditors with a general overview of the ESC's finances and to show the ESC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Ethan Tice, Treasurer, Jefferson County ESC, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	4,545,148
Cash with fiscal agent		1,128,707
Receivables:		
Intergovernmental		708,301
Prepayments		43,583
Materials and supplies inventory		836
Net OPEB asset		467,044
Capital assets:		
Nondepreciable capital assets		178,782
Depreciable capital assets, net		1,017,921
Capital assets, net		1,196,703
Total assets		8,090,322
Deferred outflows of resources:		
Pension		2,874,746
OPEB		976,536
Total deferred outflows of resources		3,851,282
Liabilities:		
Accounts payable		50,454
Accrued wages and benefits payable		685,199
Intergovernmental payable		149,307
Pension and post employment benefits payable		161,179
Accrued interest payable		543
Claims payable		140,716
Long-term liabilities:		
Due within one year		409,785
Due in more than one year:		
Net pension liability		8,548,586
Net OPEB liability		1,209,148
Other amounts due in more than one year		219,081
Total liabilities		11,573,998
Deferred inflows of resources:		
Pension		587,010
OPEB		1,737,848
Total deferred inflows of resources		2,324,858
Net position:		
Net investment in capital assets		1,125,543
Restricted for:		
OPEB		105,745
State funded programs		297,232
Federally funded programs		230,315
Other purposes		183,583
Unrestricted (deficit)		(3,899,670)
Total net position	$	(1,957,252)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 466,546	$ 1,082,070	$ 131,396	$ 746,920
Special	1,042,430	2,163,912	-	1,121,482
Other	10,500	16,627	-	6,127
Support services:				
Pupil	2,201,903	2,023,781	93,477	(84,645)
Instructional staff	1,690,939	1,999,658	56,944	365,663
Board of education	16,720	21,658	-	4,938
Administration	3,794,522	3,382,022	552,107	139,607
Fiscal	786,821	974,951	170,234	358,364
Business	81,511	-	75,245	(6,266)
Operations and maintenance	66,342	83,042	1,720	18,420
Central	2,562,468	-	-	(2,562,468)
Operation of non-instructional services:				
Other non-instructional services	1,264,572	574,323	264,608	(425,641)
Interest and fiscal charges	3,191	-	-	(3,191)
Total governmental activities	13,988,465	12,322,044	1,345,731	(320,690)

General revenues:	
Grants and entitlements not restricted to specific programs	938,709
Investment earnings	47,754
Miscellaneous	2,221
Total general revenues	988,684
Change in net position	667,994
Net position (deficit) at beginning of year	(2,625,246)
Net position (deficit) at end of year	$ (1,957,252)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Elementary and Secondary School Emergency	Emergency Assistance to Non-Public Schools
Assets:			
Equity in pooled cash			
and cash equivalents	$ 3,696,596	$ 8,081	$ 316,147
Interfund loans	143,006	-	-
Intergovernmental	514,947	100,610	-
Prepayments	43,583	-	-
Materials and supplies inventory	836	-	-
Total assets	$ 4,398,968	$ 108,691	$ 316,147
Liabilities:			
Accounts payable	$ 36,944	$ 11,000	$ -
Accrued wages and benefits payable	656,249	5,621	-
Intergovernmental payable	9,230	62	139,707
Pension and post employment benefits payable	156,488	600	-
Interfund loans payable	-	91,409	-
Total liabilities	858,911	108,692	139,707
Deferred inflows of resources:			
Intergovernmental revenue not available	-	99,691	-
Contract service revenue not available	47,690	-	-
Total deferred inflows of resources	47,690	99,691	-
Fund balances:			
Nonspendable:			
Materials and supplies inventory	836	-	-
Prepaids	43,583	-	-
Restricted:			
Non-public schools	-	-	176,440
State funded programs	-	-	-
Federally funded programs	-	-	-
Special education	-	-	-
Assigned:			
Student instruction	78	-	-
Student and staff support	590	-	-
Subsequent year's appropriations	1,278,700	-	-
Operation of non-instructional	60	-	-
Unassigned	2,168,520	(99,692)	-
Total fund balances	3,492,367	(99,692)	176,440
Total liabilities, deferred inflows and fund balances	$ 4,398,968	$ 108,691	$ 316,147

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 524,324	$ 4,545,148
-	143,006
92,744	708,301
-	43,583
-	836
$ 617,068	$ 5,440,874
$ 2,510	$ 50,454
23,329	685,199
308	149,307
4,091	161,179
51,597	143,006
81,835	1,189,145
-	99,691
-	47,690
-	147,381
-	836
-	43,583
-	176,440
297,232	297,232
230,858	230,858
7,143	7,143
-	78
-	590
-	1,278,700
-	60
-	2,068,828
535,233	4,104,348
$ 617,068	$ 5,440,874

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

Total governmental fund balances		$	4,104,348
Amounts reported for governmental activities on the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			1,196,703
Other long-term assets are not available to pay for current- Intergovernmental receivable			147,381
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and governmental activities on the statement of net position.			987,991
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(543)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension	2,874,746		
Deferred inflows - pension	(587,010)		
Net pension liability	(8,548,586)		
Deferred outflows - OPEB	976,536		
Deferred inflows - OPEB	(1,737,848)		
Net OPEB asset	467,044		
Net OPEB liability	(1,209,148)		
Total			(7,764,266)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Lease payable	(71,160)		
Compensated absences	(557,706)		
Total			(628,866)
Net position of governmental activities		$	(1,957,252)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

	General	Elementary and Secondary School Emergency	Emergency Assistance to Non-Public Schools
Revenues:			
Intergovernmental	$ 933,809	$ 209,170	$ 378,366
Investment earnings	23,778	-	-
Tuition and fees	1,564,977	-	-
Services provided to other entities	10,534,259	-	-
Contributions and donations	4,900	-	-
Miscellaneous	2,222	-	-
Total revenues	13,063,945	209,170	378,366
Expenditures:			
Current:			
Instruction:			
Regular	304,148	10,032	-
Special	1,025,684	-	-
Other	10,500	-	-
Support services:			
Pupil	1,953,063	65,574	-
Instructional staff	1,612,877	33,225	-
Board of education	16,524	-	-
Administration	3,095,101	129,321	499,793
Fiscal	765,370	-	-
Business	-	70,710	-
Operations and maintenance	61,193	-	-
Central	2,616,323	-	-
Operation of non-instructional services:			
Other non-instructional services	1,157,350	-	-
Capital outlay	7,472	-	-
Debt service:			
Principal retirement	1,401	-	-
Interest and fiscal charges	2	-	-
Total expenditures	12,627,008	308,862	499,793
Excess of revenues over (under) expenditures	436,937	(99,692)	(121,427)
Other financing sources:			
Lease payable transaction	7,472	-	-
Total other financing sources	7,472	-	-
Net change in fund balances	444,409	(99,692)	(121,427)
Fund balances at beginning of year	3,047,958	-	297,867
Fund balances at end of year	$ 3,492,367	$ (99,692)	$ 176,440

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 575,561	$ 2,096,906
-	23,778
208,526	1,773,503
-	10,534,259
500	5,400
84,162	86,384
868,749	14,520,230
235,243	549,423
-	1,025,684
-	10,500
66,452	2,085,089
23,719	1,669,821
-	16,524
75,488	3,799,703
-	765,370
10,801	81,511
4,097	65,290
-	2,616,323
73,698	1,231,048
-	7,472
32,523	33,924
3,459	3,461
525,480	13,961,143
343,269	559,087
-	7,472
-	7,472
343,269	566,559
191,964	3,537,789
$ 535,233	$ 4,104,348

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 566,559
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as		
Capital asset additions	$ 287,891	
Current year depreciation/amortization	(85,649)	
Total		202,242
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in		
Contract services revenue	14,280	
Intergovernmental	97,973	
Total		112,253
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		33,924
Issuance of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(7,472)
In the statement of activities, interest is accrued on outstanding leases, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable		270
Total other financing sources governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,091,955	
OPEB	61,570	
Total		1,153,525
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,407,706)	
OPEB	64,781	
Total		(1,342,925)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(104,709)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		54,327
Change in net position of governmental activities		$ 667,994

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Governmental Activities - Internal Service Fund
Assets:	
Cash with fiscal agent	$ 1,128,707
Liabilities:	
Claims payable	140,716
Net position:	
Unrestricted	$ 987,991
Total net position	$ 987,991

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	$ 1,880,388
Operating expenses:	
Claims	1,850,037
Operating income	30,351
Nonoperating revenues:	
Interest revenue	23,976
Change in net position	54,327
Net position at beginning of year	933,664
Net position at end of year	$ 987,991

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	$ 1,880,388
Cash payments for claims	(1,813,436)
Net cash provided by operating activities	66,952
Cash flows from investing activities:	
Interest received	23,976
Net cash provided by investing activities	23,976
Net increase in cash with fiscal agent	90,928
Cash with fiscal agent at beginning of year	1,037,779
Cash with fiscal agent at end of year	$ 1,128,707
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 30,351
Changes in assets and liabilities:	
Increase in claims payable	36,601
Net cash provided by operating activities	$ 66,952

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust	
	Scholarship	**Custodial**
Assets:		
Equity in pooled cash		
and cash equivalents	$ 13,022	$ 551,207
Cash and investments in segregated accounts	-	199,018,238
Receivables:		
Accrued interest	6	747,799
Due from other governments	-	64,092
Total current assets	13,028	200,381,336
Total assets	13,028	200,381,336
Liabilities:		
Current liabilities:		
Accounts payable	-	11,238
Due to other governments	-	170,343
Total liabilities	-	181,581
Net position:		
Restricted for individuals, organizations and other governments	13,028	200,199,755
Total net position	$ 13,028	$ 200,199,755

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

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

	Private-Purpose Trust	
	Scholarship	**Custodial**
Additions:		
Earnings on investments	$ 1	$ -
Amounts collected as fiscal agent	-	27,137,100
Total additions	1	27,137,100
Deductions:		
Distributions as fiscal agent	-	7,788,212
Change in net position	1	19,348,888
Net position at beginning of year	13,027	180,850,867
Net position at end of year	$ 13,028	$ 200,199,755

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE ESC

The Jefferson County Educational Service Center (the "ESC") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The ESC is defined by Section 3311.05 of the Ohio Revised Code. The ESC operates under an elected Governing Board (five members). The following services are provided to the local school ESCs and city school ESCs under contract in Jefferson, Harrison and Columbiana counties:

Vocational Educational Services
General Instructional Services
Speech, Hearing and Language Services
Special Projects Coordination
Talented and Gifted Program
Special Educational Services
Psychological Services
Administrative Services
Developmental Handicapped and Disability Classroom Supervision

Average daily membership as of June 30, 2023 was 10,842. The Governing Board employed 49 certified employees and 124 non-certified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)
Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member ESCs. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school ESCs. The continued existence of OMERESA is not dependent on the ESC's continued participation and no equity interest exists. OMERESA has no outstanding debt. During fiscal year 2023, the ESC paid $27,013 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

PUBLIC ENTITY RISK POOLS

Jefferson Health Plan (the "Health Plan")
The ESC participates in the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from $35,000 to $150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and $500,000, and all claims between the deductible and the $500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants.

All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding $500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third-party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

During fiscal year 2023, the ESC was fiscal agent for the Health Plan (See Note 4.B.).

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

Workers' Compensation Group Rating Program
The ESC participates in the Ohio Association of School Business Officials (OASBO)/ CompManagement, Inc. Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the ESC by virtue of its grouping and representation with other participants in the GRP. The ESC pays a fee to the GRP to cover the costs of administering the program. Refer to Note 8.B. for further information on the GRP.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Elementary and Secondary school Emergency Relief fund (ESSER) – This fund is used to account for financial resources received and expenditures for the ESSER program.

Emergency Assistance to Non-Public Schools Fund – This fund is used to account for financial resources received and expenditures related to EANS programs.

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

PROPRIETARY FUND

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

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the ESC or to other governments, on a cost-reimbursement basis. The internal service fund of the ESC accounts for a self-insurance program which provides medical benefits to employees.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The ESC's trust fund is a private-purpose trust which accounts for scholarships. The ESC's custodial funds account for various resources held as fiscal agent for the Jefferson Health Plan and the Jefferson County Family and Children First Council.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the ESC as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements - Fund financial statements report detailed information about the ESC. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined, and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 9 and 10 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 9 and 10 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Budgets

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

In fiscal year 2004, the ESC requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the ESC was discretionary, the ESC continued to have its Governing Board approve appropriations and estimated resources. The ESC's Governing Board adopts an annual appropriation resolution, which is the Governing Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Governing Board. The level of control has been established by the Governing Board at the fund level for all funds. Budgetary information for the general fund, ESSER fund, and emergency support to non-public schools fund has been presented as other information to the basic financial statements.

F. Cash and Investments

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

During fiscal year 2023, the ESC's investments were limited to non-negotiable certificates of deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in nonparticipating investment contracts, such as nonnegotiable certificates of deposit and STAR Ohio, are recorded at cost.

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

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Governing Board investment earnings are assigned to the general fund, the Self-Insurance internal service fund, (which is maintained by a fiscal agent in an interest-bearing account separate from the ESC's internal investment pool), and the private-purpose trust fund. Interest revenue credited to the general fund during fiscal year 2023 amounted to $23,778, which includes $4,720 assigned from other ESC funds.

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

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

G. Capital Assets

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

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

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

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

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

Description	Governmental Activities Estimated Lives
Buildings	40 years
Furniture and equipment	5 - 30 years
Intangible leased assets	5 years
Vehicles	10 years

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

H. Interfund Balances

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

I. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

K. Inventory

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

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

M. Net Position

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

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

N. Prepayments

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

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of the net current position.

O. Estimates

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the ESC, these revenues are charges for services for a self-insurance program. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. During fiscal year 2023, the ESC had no interfund activity.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Governing Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the ESC has implemented GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the ESC.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the ESC.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the ESC.

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

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

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

Major funds	Deficit
ESSER	$ 99,692

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

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

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

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

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

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

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

A. Cash with Fiscal Agent

The ESC is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2023, was $1,128,707.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash and Investments in Segregated Accounts

The ESC is fiscal agent for the Jefferson Health Plan (See Note 2.A.). At June 30, 2023, $199,018,238 was held in custodial funds on behalf of the Health Plan. The deposits and investments of the Health Plan are held separate from the ESC internal cash management pool. The data regarding insurance and collateralization of the Health Plan deposits and investments can be obtained from the entity's separate financial statements for the fiscal year ended June 30, 2023.

C. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all ESC deposits was $4,488,850 and the bank balance of all ESC deposits was $4,614,434. Of the bank balance, $262,205 was covered by the FDIC, $2,176,115 was covered by the Ohio Pooled Collateral System, and $2,176,114 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the ESC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The ESC has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the ESC and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the ESC's financial institution was approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the ESC to a successful claim by the FDIC.

D. Investments

As of June 30, 2023, the ESC had the following investment and maturity:

Measurement/ Investment type	Measurement Value	Investment Maturity 6 months or less
Amortized cost:		
STAR Ohio	$ 620,527	$ 620,527

The weighted average maturity of investments is 1 day.

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The ESC has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ESC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The ESC's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The ESC places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the ESC at June 30, 2023:

Measurement/ Investment type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	$ 620,527	100.00

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

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

Cash and investments per note		
Carrying amount of deposits	$	4,488,850
Investments		620,527
Cash with fiscal agent		1,128,707
Cash and investments in segregated accounts		199,018,238
Total	$	205,256,322
Cash and investments per statement of net position		
Governmental activities	$	5,673,855
Private-purpose trust funds		13,022
Custodial funds		199,569,445
Total	$	205,256,322

NOTE 5 - RECEIVABLES

Receivables at June 30, 2023 consisted of intergovernmental (billings to school ESCs for user charged services, tuition and accrued interest). All receivables are considered collectible in full. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Intergovernmental	708,301

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

NOTE 6 - CAPITAL ASSETS

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

	Balance 07/01/22	Additions	Disposals	Balance 06/30/23
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 178,782	$ -	$ -	$ 178,782
Total capital assets, not being depreciated/amortized	178,782	-	-	178,782
Capital assets, being depreciated/amortized:				
Buildings and improvements	782,328	112,008	-	894,336
Furniture and equipment	228,893	168,411	-	397,304
Vehicles	113,637	-	-	113,637
Intangible right to use:				
Leased equipment	7,493	7,472	(7,493)	7,472
Leased building	97,331	-	-	97,331
Total capital assets, being depreciated/amortized	1,229,682	287,891	(7,493)	1,510,080
Less: accumulated depreciation/amortization:				
Buildings and improvements	(154,058)	(19,762)	-	(173,820)
Furniture and equipment	(200,451)	(23,594)	-	(224,045)
Vehicles	(46,594)	(8,583)	-	(55,177)
Intangible right to use:				
Leased equipment	(7,493)	(1,266)	7,493	(1,266)
Leased building	(5,407)	(32,444)	-	(37,851)
Total accumulated depreciation/amortization	(414,003)	(85,649)	7,493	(492,159)
Total capital assets, being depreciated/ amortized, net	815,679	202,242	-	1,017,921
Governmental activities capital assets, net	$ 994,461	$ 202,242	$ -	$ 1,196,703

NOTE 6 - CAPITAL ASSETS – (Continued)

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

Instruction:	
Special	$ 508
Support services:	
Administration	28,578
Central	56,563
Total depreciation/amortization expense	$ 85,649

NOTE 7 - LONG-TERM OBLIGATIONS

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

	Balance 06/30/22	Additions	Reductions	Balance 06/30/23	Amounts Due in One Year
Lease payable	$ 97,612	$ 7,472	$ (33,924)	$ 71,160	$ 36,020
Compensated absences	452,997	375,414	(270,705)	557,706	373,765
Net pension liability	4,868,140	3,680,446	-	8,548,586	-
Net OPEB liability	1,405,443	-	(196,295)	1,209,148	-
Total	$ 6,824,192	$ 4,063,332	$ (500,924)	$ 10,386,600	$ 409,785

Leases Payable - The ESC has entered into lease agreements for the use of right to use equipment and building space. Due to the implementation of GASB Statement No. 87, the ESC will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the miscellaneous federal grants fund (a nonmajor governmental fund).

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

Purpose	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier equipment	2017	5	2022	Monthly
Copier Equipment 2023	2022	5	2027	Monthly
Building space	2022	3	2025	Monthly

NOTE 7 - LONG-TERM OBLIGATIONS – (Continued)

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

Fiscal Year	Principal	Interest	Total
2024	$ 36,020	$ 2,740	$ 38,760
2025	31,672	910	32,582
2026	1,554	138	1,692
2027	1,633	58	1,691
2028	281	2	283
Total	$ 71,160	$ 3,848	$ 75,008

Compensated Absences
Compensated absences will be paid from the fund from which the employees' salaries are paid, which consist of the general fund.

Net Pension Liability
See Note 9 for further information on the ESC's net pension liability. The ESC pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset
See Note 10 for further information on the ESC's net OPEB liability/asset. The ESC pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The ESC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The ESC has a comprehensive property and casualty policy through Schools of Ohio Risk Sharing Authority. There is a $5,000 property deductible and a $50,000 on Earth Movement and Floods. All Board members, administrators, and employees are covered under a school district liability policy. The limits of this coverage are $5,000,000 per occurrence and $7,000,000 per aggregate. The treasurer is covered under a surety bond in the amount of $500,000. The ESC also has an Employed Lawyers Liability policy through Cincinnati Insurance. The policy covers up to $1,000,000 of liability for an in-house attorney.

Settled claims have not exceeded this commercial coverage in the past three years. There has been no significant reduction in coverage from fiscal year 2021.

B. Group Workers' Compensation Rating Plan

For fiscal year 2023, the ESC participated in the OASBO/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the ESC by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 8 - RISK MANAGEMENT – (Continued)

C. Employee Group Life, Medical, Dental and Vision Insurance

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. The ESC is a member of a claims servicing pool, consisting of school ESCs and other entities throughout the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the ESC's behalf. The plan is administered through the Jefferson Health Plan and provides stop loss protection of claims over $1,500,000 per individual per year. The claims liability of $140,716 as reported in the internal service fund at June 30, 2023, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2023	$ 104,115	$ 1,850,037	$ (1,813,436)	$ 140,716
2022	123,195	1,357,977	(1,377,057)	104,115

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the ESC is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The ESC's contractually required contribution to SERS was $687,857 for fiscal year 2023. Of this amount, $40,949 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The ESC's contractually required contribution to STRS was $404,098 for fiscal year 2023. Of this amount, $44,918 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ESC's proportion of the net pension liability was based on the ESC's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.074045400%	0.016706519%	
Proportion of the net pension liability current measurement date	0.083917100%	0.018037220%	
Change in proportionate share	0.009871700%	0.001330701%	
Proportionate share of the net pension liability	$ 4,538,889	$ 4,009,697	$ 8,548,586
Pension expense	$ 758,849	$ 648,857	$ 1,407,706

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 183,829	$ 51,330	$ 235,159
Net difference between projected and actual earnings on pension plan investments	-	139,529	139,529
Changes of assumptions	44,785	479,840	524,625
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	485,201	398,277	883,478
Contributions subsequent to the measurement date	687,857	404,098	1,091,955
Total deferred outflows of resources	$ 1,401,672	$ 1,473,074	$ 2,874,746

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 29,796	$ 15,339	$ 45,135
Net difference between projected and actual earnings on pension plan investments	158,391	-	158,391
Changes of assumptions	-	361,182	361,182
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	22,302	22,302
Total deferred inflows of resources	$ 188,187	$ 398,823	$ 587,010

$1,091,955 reported as deferred outflows of resources related to pension resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ 316,776	$ 152,204	$ 468,980
2025	171,899	150,864	322,763
2026	(226,258)	(39,564)	(265,822)
2027	263,211	406,649	669,860
Total	$ 525,628	$ 670,153	$ 1,195,781

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	$ 6,681,029	$ 4,538,889	$ 2,734,166

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the ESC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	$ 6,057,192	$ 4,009,697	$ 2,278,150

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The ESC contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the ESC's surcharge obligation was $61,570.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The ESC's contractually required contribution to SERS was $61,570 for fiscal year 2023. Of this amount, $61,570 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The ESC's proportion of the net OPEB liability/asset was based on the ESC's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.074260600%	0.016706519%	
Proportion of the net OPEB liability/asset current measurement date	0.086121000%	0.018037220%	
Change in proportionate share	0.011860400%	0.001330701%	
Proportionate share of the net OPEB liability	$ 1,209,148	$ -	$ 1,209,148
Proportionate share of the net OPEB asset	$ -	$ (467,044)	$ (467,044)
OPEB expense	$ 20,456	$ (85,237)	$ (64,781)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 10,165	$ 6,769	$ 16,934
Net difference between projected and actual earnings on OPEB plan investments	6,290	8,127	14,417
Changes of assumptions	192,330	19,893	212,223
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	656,251	15,141	671,392
Contributions subsequent to the measurement date	61,570	-	61,570
Total deferred outflows of resources	$ 926,606	$ 49,930	$ 976,536

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 773,461	$ 70,138	$ 843,599
Changes of assumptions	496,364	331,182	827,546
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	56,794	9,909	66,703
Total deferred inflows of resources	$ 1,326,619	$ 411,229	$ 1,737,848

$61,570 reported as deferred outflows of resources related to OPEB resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (140,129)	$ (108,203)	$ (248,332)
2025	(114,337)	(99,288)	(213,625)
2026	(77,657)	(50,289)	(127,946)
2027	(36,334)	(20,512)	(56,846)
2028	(33,007)	(27,425)	(60,432)
Thereafter	(60,119)	(55,582)	(115,701)
Total	$ (461,583)	$ (361,299)	$ (822,882)

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.

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the ESC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net OPEB liability	$ 1,501,780	$ 1,209,148	$ 972,914

	1% Decrease	Current Trend Rate	1% Increase
ESC's proportionate share of the net OPEB liability	$ 932,470	$ 1,209,148	$ 1,570,534

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
ESC's proportionate share of the net OPEB asset	$ 432,491	$ 467,044	$ 497,259

	1% Decrease	Current Trend Rate	1% Increase
ESC's proportionate share of the net OPEB asset	$ 484,438	$ 467,044	$ 445,088

NOTE 11 - CONTINGENCIES

A. Grants

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

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

B. Litigation

The ESC is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Educational service centers must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the ESC, which can extend past the fiscal year-end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the ESC.

NOTE 12 - COVID-19

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

NOTE 13 - COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 728
Nonmajor governmental funds	61
Total	$ 789

NOTE 14 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable at June 30, 2023 consisted of the following as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General fund	$ 143,006	$ -
Elementary and secondary school emergency relief fund	-	91,409
Nonmajor governmental funds	-	51,597
Total	$ 143,006	$ 143,006

The primary purpose of the interfund balances is to cover cash deficits at June 30. These interfund balances will be repaid once the anticipated cash is received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY EDUCATIONAL CENTER
JEFFERSON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
ESC's proportion of the net pension liability	0.08391710%	0.07404540%	0.06663970%	0.05510810%
ESC's proportionate share of the net pension liability	$ 4,538,889	$ 2,732,061	$ 4,407,690	$ 3,297,214
ESC's covered payroll	$ 3,282,857	$ 2,582,586	$ 2,338,071	$ 1,892,422
ESC's proportionate share of the net pension liability as a percentage of its covered payroll	138.26%	105.79%	188.52%	174.23%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.04943610%	0.05886740%	0.05890660%	0.04100570%	0.02939100%	0.02939100%
$ 2,831,297	$ 3,517,197	$ 4,311,420	$ 2,339,825	$ 1,487,462	$ 1,747,788
$ 1,639,704	$ 1,936,700	$ 1,843,393	$ 1,234,484	$ 854,033	$ 788,158
172.67%	181.61%	233.89%	189.54%	174.17%	221.76%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
ESC's proportion of the net pension liabilit	0.01803722%	0.01670652%	0.01646300%	0.01442763%
ESC's proportionate share of the net pension liability	$ 4,009,697	$ 2,136,079	$ 3,983,460	$ 3,190,584
ESC's covered payroll	$ 2,365,014	$ 2,060,614	$ 2,430,086	$ 1,704,921
ESC's proportionate share of the net pension liability as a percentage of its covered payroll	169.54%	103.66%	163.92%	187.14%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.01497649%	0.01387005%	0.01482333%	0.01628096%	0.01631771%	0.01631771%
$ 3,292,994	$ 3,294,860	$ 4,961,815	$ 4,499,581	$ 3,969,032	$ 4,727,885
$ 1,710,350	$ 1,535,893	$ 1,554,429	$ 1,698,643	$ 1,667,223	$ 2,092,431
192.53%	214.52%	319.20%	264.89%	238.06%	225.95%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ESC PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 687,857	$ 459,600	$ 361,562	$ 327,330
Contributions in relation to the contractually required contribution	(687,857)	(459,600)	(361,562)	(327,330)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
ESC's covered payroll	$ 4,913,264	$ 3,282,857	$ 2,582,586	$ 2,338,071
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	
$	255,477	$	221,360	$	271,138	$	258,075	$	162,705	$	118,369
	(255,477)		(221,360)		(271,138)		(258,075)		(162,705)		(118,369)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,892,422	$	1,639,704	$	1,936,700	$	1,843,393	$	1,234,484	$	854,033
	13.50%		13.50%		14.00%		14.00%		13.18%		13.86%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ESC PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 404,098	$ 331,102	$ 288,486	$ 340,212
Contributions in relation to the contractually required contribution	(404,098)	(331,102)	(288,486)	(340,212)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
ESC's covered payroll	$ 2,886,414	$ 2,365,014	$ 2,060,614	$ 2,430,086
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	238,689	$	239,449	$	215,025	$	217,620	$	237,810	$	216,739
	(238,689)		(239,449)		(215,025)		(217,620)		(237,810)		(216,739)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,704,921	$	1,710,350	$	1,535,893	$	1,554,429	$	1,698,643	$	1,667,223
	14.00%		14.00%		14.00%		14.00%		14.00%		13.00%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
ESC's proportion of the net OPEB liability	0.08612100%	0.07426060%	0.06576270%	0.05376260%
ESC's proportionate share of the net OPEB liability	$ 1,209,148	$ 1,405,443	$ 1,429,239	$ 1,352,016
ESC's covered payroll	$ 3,282,857	$ 2,582,586	$ 2,338,071	$ 1,892,422
ESC's proportionate share of the net OPEB liability as a percentage of its covered payroll	36.83%	54.42%	61.13%	71.44%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017
0.04969910%	0.05789790%	0.05897423%
$ 1,378,787	$ 1,553,828	$ 1,680,984
$ 1,639,704	$ 1,936,700	$ 1,843,393
84.09%	80.23%	91.19%
13.57%	12.46%	11.49%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
ESC's proportion of the net OPEB liability/asset	0.01803722%	0.01670652%	0.01646300%	0.01442763%
ESC's proportionate share of the net OPEB liability/(asset)	$ (467,044)	$ (352,243)	$ (289,337)	$ (238,956)
ESC's covered payroll	$ 2,365,014	$ 2,060,614	$ 2,430,086	$ 1,704,921
ESC's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.75%	17.09%	11.91%	14.02%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017
0.01497649%	0.01387005%	0.01482333%
$ (240,657)	$ 541,158	$ 792,756
$ 1,710,350	$ 1,535,893	$ 1,554,429
14.07%	35.23%	51.00%
176.00%	47.10%	37.30%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ESC OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
Contractually required contribution	$ 61,570	$ 57,853	$ 38,057	$ 26,217
Contributions in relation to the contractually required contribution	(61,570)	(57,853)	(38,057)	(26,217)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
ESC's covered payroll	$ 4,913,264	$ 3,282,857	$ 2,582,586	$ 2,338,071
Contributions as a percentage of covered payroll	1.25%	1.76%	1.47%	1.12%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ 29,565	$ 33,033	$ 23,050	$ 26,747	$ 17,780	$ 9,795
	(29,565)	(33,033)	(23,050)	(26,747)	(17,780)	(9,795)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 1,892,422	$ 1,639,704	$ 1,936,700	$ 1,843,393	$ 1,234,484	$ 854,033
	1.56%	2.01%	1.19%	1.45%	1.44%	1.15%

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ESC OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
ESC's covered payroll	$ 2,886,414	$ 2,365,014	$ 2,060,614	$ 2,430,086
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
$ -	$ -	$ -	$ -	$ -	$ 16,058
-	-	-	-	-	(16,058)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,704,921	$ 1,710,350	$ 1,535,893	$ 1,554,429	$ 1,698,643	$ 1,667,223
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit receipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

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

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

(Continued)

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

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

- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

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

(Continued)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

OTHER INFORMATION

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JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Intergovernmental	$ 380,000	$ 378,139	$ 378,139	-
Investment earnings	2,000	23,778	23,778	-
Tuition and fees	1,615,450	1,564,977	1,564,977	-
Services provided to other entities	7,273,800	7,610,040	7,610,040	-
Contributions and donations	7,500	4,900	4,900	-
Miscellaneous	10,200	2,222	2,222	-
Total revenues	9,288,950	9,584,056	9,584,056	-
Expenditures:				
Current:				
Instruction:				
Regular	344,343	291,649	291,648	1
Special	743,730	987,169	987,169	-
Other	18	10,500	10,500	-
Support Services:				
Pupil	1,648,423	1,911,028	1,911,028	-
Instructional staff	1,663,705	1,612,405	1,612,405	-
Board of education	18,203	16,544	16,544	-
Administration	2,996,664	3,010,386	3,010,386	-
Fiscal	675,249	701,667	701,667	-
Operations and maintenance	28,202	59,962	59,962	-
Operation of non-instructional services:				
Operation of non-instructional services	1,076,603	1,088,850	1,088,850	-
Total expenditures	9,195,140	9,690,160	9,690,159	1
Excess of revenues over expenditures	93,810	(106,104)	(106,103)	1
Other financing sources (uses):				
Refund of prior year's receipts	-	(55,201)	(55,201)	-
Transfers in	-	274,770	274,770	-
Transfers (out)	-	(274,770)	(274,770)	-
Advances in	-	3,571,359	3,571,359	-
Advances (out)	-	(3,357,600)	(3,357,600)	-
Total other financing sources (uses)	-	158,558	158,558	-
Net change in fund balance	93,810	52,454	52,455	1
Fund balance at beginning of year	2,964,834	2,964,834	2,964,834	-
Prior year encumbrances appropriated	16,495	16,495	16,495	-
Fund balance at end of year	$ 3,075,139	$ 3,033,783	$ 3,033,784	$ 1

SEE ACCOMPANYING NOTES TO THE OTHER INFORMATION

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			**Variance with Final Budget Positive**
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Intergovernmental - federal	$ 58,800	$ 439,943	$ 439,943	-
Expenditures:				
Current:				
Instruction:				
Regular	24,750	10,032	10,032	-
Support Services:				
Pupil	-	65,574	65,574	-
Instructional staff	1,000	31,225	31,225	-
Administration	-	123,037	123,037	-
Business	-	61,710	61,710	-
Total expenditures	25,750	291,578	291,578	-
Excess of revenues over expenditures	33,050	148,365	148,365	-
Other financing sources (uses):				
Advances in	-	91,408	91,408	-
Advances (out)	-	(231,692)	(231,692)	-
Total other financing sources (uses)	-	(140,284)	(140,284)	-
Net change in fund balance	33,050	8,081	8,081	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ 33,050	$ 8,081	$ 8,081	$ -

SEE ACCOMPANYING NOTES TO THE OTHER INFORMATION

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY ASSISTANCE TO NON-PUBLIC SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Intergovernmental - federal	$ 772,007	$ 378,366	$ 378,366	-
Expenditures:				
Current:				
Support Services:				
Administration	573,500	360,086	360,086	-
Net change in fund balance	198,507	18,280	18,280	-
Fund balance at beginning of year	297,867	297,867	297,867	-
Fund balance at end of year	$ 496,374	$ 316,147	$ 316,147	$ -

SEE ACCOMPANYING NOTES TO THE OTHER INFORMATION

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO

NOTES TO THE OTHER INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - BUDGETARY PROCESS

The ESC is not required under State statute to file budgetary information with the State Department of Education. However, the ESC Governing Board does follow the budgetary process for control purposes.

The ESC Governing Board adopts an annual appropriation resolution, which is the Governing Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by the Governing Board. The level of control has been established by the Governing Board at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the ESC has elected to present the general fund and the elementary and secondary school emergency relief fund budgetary statement comparison schedule at the fund and function level. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary schedule reflects the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amount reported as the final budgeted amounts on the budgetary schedule represents the final appropriation amounts passed by the Governing Board during the fiscal year.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

While the ESC is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) - for the general fund, the elementary and secondary school emergency relief fund, and the emergency assistance to non-public schools fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as op posed to when susceptible to accrual (GAAP basis);

2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

3. To reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

4. Advances-in and advances-out are operating transactions (budget-basis) as opposed to balance sheet transactions (GAAP basis); and

5. Some funds are included in the general fund (GAAP basis) but have separate budgets (budget-basis).

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund, elementary and secondary emergency relief fund, and emergency assistance to non-public schools fund is as follows:

Net Change in Fund Balance

	General	Elementary and Secondary Emergency Relief Fund	Emergency Assistance to Non-Public Schools Fund
Budget basis	$ 52,455	$ 8,081	$ 18,280
Net adjustment for revenue accruals	3,479,889	(230,773)	-
Net adjustment for expenditure accruals	(2,937,577)	(17,284)	(139,707)
Net adjustment for other sources/uses	(151,086)	140,284	-
Adjustment for encumbrances	728	-	-
GAAP basis	$ 444,409	$ (99,692)	$ (121,427)

The internal service rotary fund that is budgeted in a separate special revenue fund is considered part of the general fund on a GAAP basis.

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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*

Jefferson County Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Members of the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Educational Service Center, Jefferson County, Ohio, (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 26, 2024

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The prior issued audit report, as of June 30, 2022, contained no audit findings.

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OHIO AUDITOR OF STATE
KEITH FABER

JEFFERSON COUNTY EDUCATIONAL SERVICE CENTER

JEFFERSON 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 5/8/2025

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