



OHIO AUDITOR OF STATE
KEITH FABER



**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY
DECEMBER 31, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Mid East Ohio Regional Council
Knox County
1 Avalon Road
Mount Vernon, Ohio 43050

To the Board of Directors:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the Mid East Ohio Regional Council, Knox County, Ohio (the "Council"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Mid East Ohio Regional Council, Knox County, as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Matter Giving Rise to Qualified Opinion

For fiscal year ending December 31, 2024, management has not recorded a liability for compensated absences or an expense for the current period change in that liability. Management also did not include the required compensated absences note disclosure. Additionally, for the prior year ending December 31, 2023, management failed to record a compensated absences liability or expense and the required note disclosures. Accounting principles generally accepted in the United States of America require that compensated absences attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the right to the benefits, which would increase the liabilities and expenses, and would reduce the net position of the Council. The amounts by which this departure would affect the liabilities, expenses, and the beginning and ending net position of the Council, has not been determined because we were unable to obtain sufficient appropriate audit evidence to support a compensated absences liability, the related salaries and benefits expenses, or a compensated absences note to the financial statements.

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 Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 3, 2025

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**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The management's discussion and analysis of Mid East Ohio Regional Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the Council's financial performance. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for the year of 2024 are as follows:

- Net position increased \$2,650,947 which represents a 15.99% increase from the year ended December 31, 2023.
- The Council's operating revenues total \$9,428,880 for the year ended December 31, 2024. Operating expenses amount to \$7,758,512.

Using the Basic Financial Statements

Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows

This annual report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows. Since the Council only uses one fund for its operations, the entity wide and fund presentation information are the same.

The statement of net position and statement of revenues, expenses and changes in net position answers the question, "How did we do financially during 2024?" These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid. The statement of net position can be found on page 10 of this report and the statement of revenues, expenses, and changes in net position can be found on page 11 of this report.

The statement of cash flows provides information about how the Council finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 12 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 13 - 37 of this report.

Required Supplementary Information (RSI)

The RSI contains information regarding the Council's proportionate share of the Ohio Public Employees Retirement System's (OPERS) net pension liability/net pension asset and the Council's schedule of contributions to OPERS and Other Postemployment Benefits (OPEB). The RSI can be found on pages 38 - 49 of this report.

The table below provides a comparative analysis of the Council's net position for the years ended December 31, 2024 and 2023, respectively.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Net Position	
	2024	2023
<u>Assets</u>		
Current Assets	\$ 21,010,341	\$ 18,259,604
Noncurrent Assets	127,106	22,752
Capital Assets	468,362	482,457
Total Assets	21,605,809	18,764,813
Deferred Outflows of Resources	1,007,578	1,627,433
<u>Liabilities</u>		
Current Liabilities	446,856	392,201
Long-Term Liabilities	2,819,892	3,395,763
Total Liabilities	3,266,748	3,787,964
Deferred Inflows of Resources	118,639	27,229
<u>Net Position</u>		
Investment in Capital Assets	468,362	482,457
Unrestricted	18,759,638	16,094,596
Total Net Position	\$ 19,228,000	\$ 16,577,053

The net pension liability (NPL) and other postemployment benefit liability (OPEB), are the largest liabilities reported by the Council at December 31, 2024 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

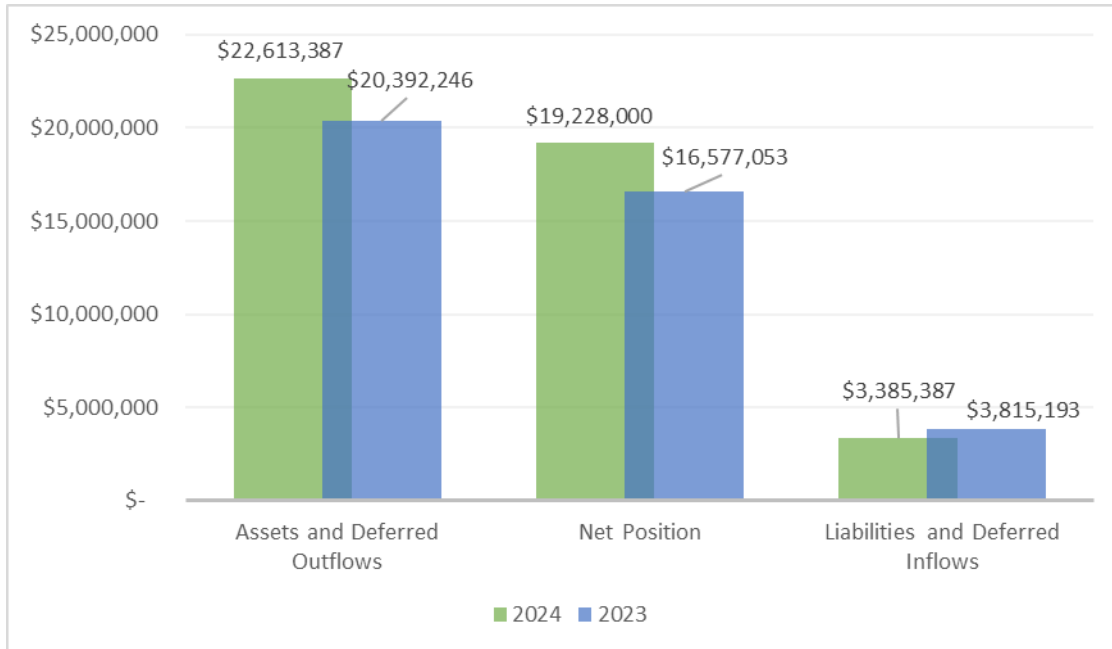
Over time, net position can serve as a useful indicator of a government's financial position. On December 31, 2024, the Council's assets exceeded liabilities by \$19,228,000.

The Council has \$468,362 invested in capital assets, which is unavailable for expending. The remaining balance of unrestricted net position of \$18,759,638 may be used to meet the Council's ongoing activities.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The tables below provide a comparison of the Council's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position for the years ended December 31, 2024 and 2023, respectively.



**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The table below shows a comparison of the change in net position for the years ended December 31, 2024 and December 31, 2023:

	2024	2023
<u>Revenues</u>		
Operating:		
Intergovernmental - Intermediate	\$ 7,717,209	\$ 4,708,692
Intergovernmental - State	1,357,273	1,224,192
Intergovernmental - Federal	161,704	64,746
Miscellaneous	192,694	147,418
Nonoperating:		
Unrealized Gain (Loss) on Investments	185,280	269,399
Earnings on Investments	795,299	477,122
Total Revenues	<u>10,409,459</u>	<u>6,891,569</u>
<u>Expenses</u>		
Operating:		
Salaries and Benefits	2,933,351	2,845,442
Provider Services	1,720,788	935,997
Rent	79,076	90,781
Other Supported Living	893,933	900,909
Room and Board	168,784	171,168
Travel and Training	120,302	101,285
Professional Expense	549,823	245,442
Administrative Overhead	238,724	242,467
Equipment	18,037	17,186
Depreciation	14,094	14,094
Program Expense	513,298	80,201
Program Administration	1,065	45,768
County Expense	507,237	-
Special Items:		
Matched Obligation	-	346,026
Total Expenses	<u>7,758,512</u>	<u>6,036,766</u>
Change in Net Position	<u>2,650,947</u>	<u>854,803</u>
Net Position Beginning of Year	16,577,053	15,722,250
Net Position End of Year	<u>\$ 19,228,000</u>	<u>\$ 16,577,053</u>

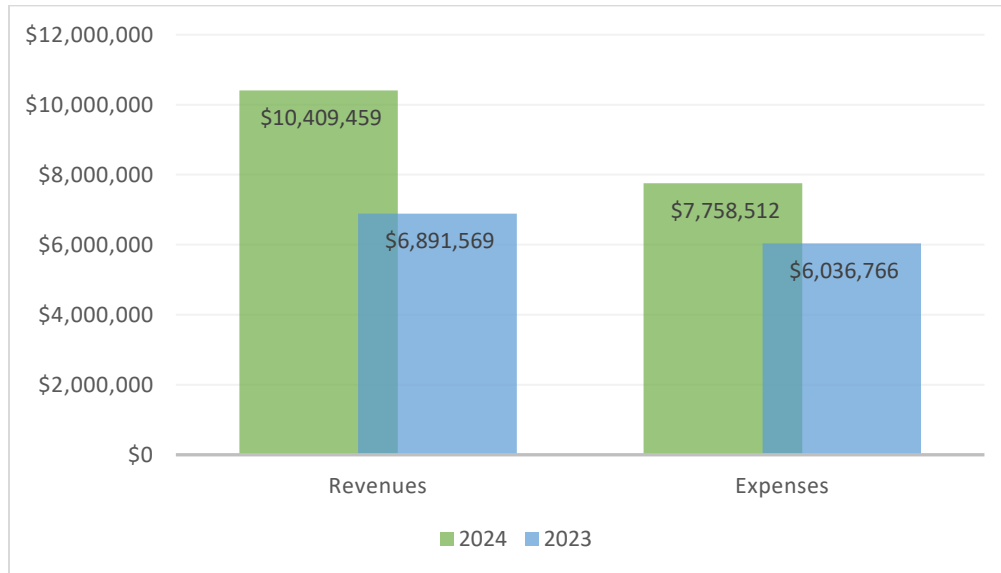
The Council's net position increased by \$2,650,947.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Revenues of \$10,409,459 exceeded expenses of \$7,758,512. The graphs below compare the Council's activities revenue and expenses for the years ended December 31, 2024 and December 31, 2023.

Revenues and Expenses December 31, 2024 and December 31, 2023



Budgeting Highlights

Although the Council is not required to prepare a budget per Ohio law, an annual budget is completed for management purposes. Budget information is reported to the Council members.

Capital Assets

As of December 31, 2024, the Council had \$468,363 invested in capital assets, net of accumulated depreciation. This amount consisted of \$446,502 of net depreciable capital assets and \$21,860 of land, which were reported on the statement of net position. The following table shows December 31, 2024 balances compared to 2023:

Capital Assets, Net of Depreciation

	12/31/24	12/31/23
Land	\$ 21,860	\$ 21,860
Building	352,982	364,280
Building Improvements	90,866	93,662
Furniture and Equipment	<u>2,655</u>	<u>2,655</u>
Total	<u>\$ 468,363</u>	<u>\$482,457</u>

The overall decrease in capital assets of \$14,094 is the net of current year depreciation expense. See Note 6 to the basic financial statements for additional information on the Council's capital assets.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Current Financial Related Activities

During calendar year 2024, the Council's administrative budgetary process continued to consist of a central agency-wide budget segmented with four departments. The MEORC Leadership team continued the monthly monitoring of the budget during team meetings and made needed course corrections to ensure total operational revenues and expenses remained within the budget parameters. The MEORC Board also received periodic reports of the budget to actual status of revenue and expenditures.

2024 was the first year for the 2024-2026 strategic plan. The Council reports the status and accomplishments towards the strategic plan objectives, initiatives and targets to the Board and workforce throughout the year along with preparing a full Annual Balanced Scorecard Report. The 2024-2026 strategic plan with updated goals of 1: Improving financial sustainability; 2: Exceeding customer expectations; 3: Proactively create and improve services for customers and 4: Preparing the workforce for the future.

The current fiscal position of the Council remains healthy; however, being mindful of the current environment impacting all governmental entities, the Council and the Board of Directors continued with a 2-year budget and services cycle that aligned with the strategic plan goals and reflected the changing needs of Council customers. In 2024 MEORC developed the 2-year budget cycle for the calendar years 2025-2026.

In 2024, keeping a continuous pulse on the rapid changes and challenges in the developmental disabilities field as well as overall economic indicators, the Council will focus on developing new innovative products, building additional partnerships, and expanding in other service areas such as needs for trainings, service and support administration, provider supports and talent optimization services. With the current economic and workforce environment challenges, MEORC has focused on internal workforce systems and improvements in 2024 and will further this focus in 2025.

Contacting the Council's Financial Management

This financial report is designed to provide our Council members with a general overview of the Council's finances and show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Cathy Henthorn, Executive Director, Mid East Ohio Regional Council, 1 Avalon Road, Mount Vernon, Ohio 43050. You may call her at (740) 397-4733.

BASIC
FINANCIAL STATEMENTS

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2024

Assets:	
Equity in cash and cash equivalents.	\$ 1,156,292
Receivables:	
Due from other governments	\$ 564,252
Other miscellaneous	\$ 2,864
Interest	\$ 15,383
Prepayments	\$ 14,379
Investments.	\$ 19,257,171
Total current assets	<u>\$ 21,010,341</u>
<u>Noncurrent assets:</u>	
Net pension asset (Note 9)	\$ 32,124
Net OPEB asset (Note 10)	\$ 94,982
Land	\$ 21,860
Depreciable capital assets, net	<u>\$ 446,502</u>
Total assets	<u>\$ 21,605,809</u>
Deferred outflows of resources:	
Pension (Note 9)	\$ 922,337
OPEB (Note 10)	<u>\$ 85,241</u>
Total Deferred outflows of resources	<u>\$ 1,007,578</u>
Liabilities:	
<u>Current liabilities:</u>	
Accounts payable.	\$ 300,339
Accrued payroll and benefits	<u>\$ 146,517</u>
Total current liabilities	<u>\$ 446,856</u>
<u>Long-term liabilities:</u>	
Net pension liability (Note 9)	\$ 2,819,892
Net OPEB liability (Note 10)	<u>\$ -</u>
Total Long-term liabilities	<u>\$ 2,819,892</u>
Total liabilities	<u>\$ 3,266,748</u>
Deferred inflows of resources:	
Pension (Note 9)	\$ 63,713
OPEB (Note 10)	<u>\$ 54,926</u>
Total Deferred inflows of resources	<u>\$ 118,639</u>
Net position:	
Investment in capital assets	\$ 468,362
Unrestricted.	<u>\$ 18,759,638</u>
Total net position	<u><u>\$ 19,228,000</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

Operating revenues:	
Intergovernmental - Intermediate	\$ 7,717,209
Intergovernmental - State.	1,357,273
Intergovernmental - Federal	161,704
Miscellaneous.	<u>192,694</u>
Total operating revenues	<u>9,428,880</u>
Operating expenses:	
Salaries and benefits	2,933,351
Provider services.	1,720,788
Rent	79,076
Other supported living.	893,933
Room and board	168,784
County Expense	507,237
Travel and training	120,302
Professional expense	549,823
Administrative overhead	238,724
Equipment	18,037
Depreciation	14,094
Program expense	513,298
Program administration	<u>1,065</u>
Total operating expenses.	<u>7,758,512</u>
Operating Income	<u>1,670,368</u>
Non-operating revenues (expenses):	
Investment earnings.	795,299
Unrealized gain (loss)	<u>185,280</u>
Total non-operating revenues (expenses).	<u>980,579</u>
Change in net position	2,650,947
Net position at beginning of year	<u>16,577,053</u>
Net position at end of year	<u>\$ 19,228,000</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

Cash flows from operating activities:		
Cash received from other governments	\$	9,337,349
Cash received from other operations		231,307
Cash payments to employees for services		(2,857,508)
Cash payments to other suppliers of goods or services		(4,803,418)
Net cash provided by (used in) operating activities		<u>1,907,730</u>
Cash flows from investing activities:		
Interest received		810,553
Investments purchased		(2,249,700)
Net cash provided by (used in) investing activities		<u>(1,439,147)</u>
Net (decrease) in cash and cash equivalents		468,583
Cash and cash equivalents at beginning of year		687,709
Cash and cash equivalents at end of year	\$	<u><u>1,156,292</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating Income	\$	1,670,368
Adjustments:		
Depreciation		14,094
Changes in assets and liabilities:		
Decrease in due from other governments.		101,163
Decrease in other miscellaneous receivable		38,614
(Increase) in prepayments.		(2,203)
Decrease in deferred outflows of resources-pension		500,643
Decrease in deferred outflows of resources-OPEB		119,212
(Increase) in net pension asset		(9,372)
(Increase) in net OPEB asset		(94,982)
Increase in deferred inflows of resources-pension.		60,467
Increase in deferred inflows of resources-OPEB.		30,943
(Decrease) in net pension liability.		(507,794)
(Decrease) in OPEB liability.		(68,077)
Increase in accrued payroll and benefits.		44,803
Increase in accounts payables.		9,852
Rounding Adjustment		(1)
Net cash provided by (used in) operating activities	\$	<u><u>1,907,730</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - DESCRIPTION OF THE COUNCIL

Mid East Ohio Regional Council (the "Council") is a council of governments created under the authority of Chapter 167 of the Ohio Revised Code. Nineteen County Boards of Developmental Disabilities are participants in an agreement that creates and governs the Council. The Council may not exceed the scope of the authority possessed by its member organizations.

Management believes the basic financial statements included in this report represent all of the activities of the Council over which it has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Council 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 Council's significant accounting policies are described below.

A. Reporting Entity

The Council's 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 financial statements include all operations for which the Council is financially accountable. Financial accountability, as defined by the GASB, exists if the Council appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Council. The Council may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Council. The Council also took into consideration other organizations for which the nature and significance of their relationship with the Council are such that exclusion would cause the Council's basic financial statements to be misleading or incomplete. The Council has no component units. On this basis, no governmental organizations other than the Council itself are included in the financial reporting entity.

B. Fund Accounting

The Council uses a single fund to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Council activities or functions.

PROPRIETARY FUNDS

A proprietary fund is used to account for the Council'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. Proprietary funds consist of enterprise funds and internal service funds. The Council does not have internal service funds.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Enterprise Funds - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Council's only enterprise fund is the following:

Operations Fund - This fund accounts for the operation and administration of services provided by the Council's departments including business, project management, investigative services and administrative overhead.

C. Basis of Presentation and Measurement Focus

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

The Council uses a single enterprise fund 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.

For financial statement presentation purposes, the Council utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds 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 Council finances and meets the cash flow needs of its proprietary activities.

D. Deferred Inflows of Resources and Deferred Outflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources related to pension/OPEB are further explained in Notes 9 and 10.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These deferred inflows of resources related to pension/OPEB are further explained in Notes 9 and 10.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

E. Cash and Cash Equivalents

Cash received by the Council is presented as "equity in cash and cash equivalents" on the statement of net position.

During 2024, the Council invested in STAR Ohio. STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Council measures its 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 a NAV per share that approximates fair value.

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. 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.

The Council also has invested funds with PNC Capital Markets. These investments consist of Money Market Funds, and are stated at fair value. PNC is registered with the SEC as a broker-dealer and investment advisor.

Interest earned during the year from STAR Ohio and PNC was \$795,299.

For presentation on the statement of net position and statement of cash flows, investments with original maturities of three months or less at the time they are purchased by the Council are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

F. Prepayments

Prepayments represent expenses which have been paid, but not yet incurred under GAAP. These items are reported as an asset on the statement of net position.

G. Capital Assets

Capital assets utilized by the Council are reported on the statement of net position.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

All capital assets are capitalized at cost and updated for additions and retirements during the year. The Council implemented a capitalization threshold of \$5,000 as of January 1, 2008. Donated capital assets are recorded at their acquisition value.

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

<u>Depreciation</u>	<u>Estimated Lives</u>
Furniture and Equipment	7 Years
Building and Improvements	40 Years

H. Net Position

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

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

I. 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.

J. 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 Council and that are either unusual in nature or infrequent in occurrence. During 2024, the Council did not match waiver obligations for County Boards of Development Disabilities.

K. Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Council does pass an biennial annual budget for the fiscal year. Modifications to the budget are approved by the Board when necessary.

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Council. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Council. All revenues and expenses not meeting these definitions are reported as nonoperating.

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on the statement of net position. In general, 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 fund. Net pension/OPEB liability is recognized in the statement of net position to the extent that benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2024, the Council has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", and GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of did not have an effect on the financial statements of the Council.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation did not have an effect on the financial statements of the Council.

NOTE 4 - DEPOSITS AND INVESTMENTS

There are no legal restrictions on the Council's investments or deposits. However, the Council has adopted as their investment policy the legal restrictions imposed by the Ohio Revised Code on certain political subdivisions. This policy requires the classification of monies held by the Council into three categories:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Inactive deposits are public deposits the Council 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 accounts, including passbook accounts.

Protection of the Council's deposits are provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 or 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-loan money market mutual fund consisting exclusively of obligations described in items (1) and (2) above 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 Treasury Asset Reserve of Ohio (STAR Ohio).

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 Council, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of the Council's deposits was \$1,156,292. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2024, \$23,399 of the Council's bank balance of \$1,022,070 was exposed to custodial risk as discussed below, while \$998,672 of the Council's bank balance was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Council will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Council to a successful claim by the FDIC. The Council 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: (a) eligible securities pledged to the Council and deposited with a qualified trustee by the financial institution as security for payment whose market value at all times shall be at least 105 percent of the deposits being secured; or (b) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of December 31, 2024, the Council had the following investments and maturities:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>	
		<u>3 months or less</u>	<u>Greater than 3 months</u>
Fair Value:			
PNC	\$ 19,257,171	\$ 16,057,700	\$ 3,199,471
Amortized Cost:			
STAR Ohio	180,840	180,840	-
Total	<u>\$ 19,438,011</u>	<u>\$ 16,238,540</u>	<u>\$ 3,199,471</u>

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

During the current period, the Council invested in Money Market Funds. During the year ended December 31, 2024, investments from all sources earned \$795,299 in interest and increased in value by \$185,280.

Fair Value Measurements: The Council categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Council's investments in money market funds are valued using quoted market prices in active markets (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Council's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio and money market funds a 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 Council's investment policy does not specifically address credit risk beyond requiring the Council to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency security are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Council's name. The Council has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

While the value of any investment may lose value, a mechanism is set up to protect the Council from losing its investments in the instance that the counterparty fails. The Securities Investor Protection Corporation will cover up to \$500,000 (including up to \$100,000 for "cash") in the event that an investment firm collapses. In addition, a portion of the Council's investments in excess of the SIPC coverage are also insured through an additional insurance plan through the investment broker. Of the \$19,438,011 the Council has invested, \$19,257,171 is insured by the SIPC and \$180,840 is covered by additional insurance.

Concentration of Credit Risk: The Council 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 Council at December 31, 2024:

Measurement/Investment Type	Measurement Value	% of Total
Fair Value:		
PNC	\$ 19,257,171	99.07%
Amortized Cost:		
STAR Ohio	180,840	.93%
Total	<u>\$ 19,438,011</u>	<u>100.00%</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 5 - RECEIVABLES

Receivables at December 31, 2024 consisted primarily of intergovernmental grants and entitlements. A summary of the receivables reported on the statement of net position follows:

Due From Other Governments	\$ 564,252
Other Miscellaneous	2,864
Interest	<u>15,383</u>
Total	<u>\$ 582,499</u>

NOTE 6 - CAPITAL ASSETS

A summary of the changes in the capital assets during the year follows:

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
Capital Assets Not Being Depreciated:				
Land	\$ 21,860	\$ -	\$ -	\$ 21,860
Total Capital Assets Not Being Depreciated	<u>21,860</u>	<u>-</u>	<u>-</u>	<u>21,860</u>
Capital Assets Being Depreciated:				
Furniture and Equipment	26,558	-	-	26,558
Building	502,163	-	-	502,163
Building Improvements	<u>123,197</u>	<u>-</u>	<u>-</u>	<u>123,197</u>
Total Capital Assets Being Depreciated	<u>651,918</u>	<u>-</u>	<u>-</u>	<u>651,918</u>
Less: Accumulated Depreciation				
Furniture and Equipment	(23,903)	-	-	(23,903)
Building	(137,883)	(11,298)	-	(149,181)
Building Improvements	<u>(29,535)</u>	<u>(2,796)</u>	<u>-</u>	<u>(32,331)</u>
Total accumulated depreciation	<u>(191,321)</u>	<u>(14,094)</u>	<u>-</u>	<u>(205,415)</u>
Total capital assets, being depreciated	<u>460,597</u>	<u>(14,094)</u>	<u>-</u>	<u>446,503</u>
Capital Asset, Net	<u>\$ 482,457</u>	<u>\$ (14,094)</u>	<u>\$ -</u>	<u>\$ 468,363</u>

NOTE 7 - RISK MANAGEMENT

A. Comprehensive

The Council 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. During the year ended December 31, 2024, the Council retained property insurance and liability coverage.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 7 - RISK MANAGEMENT - (Continued)

B. Employee Dishonesty Bonds

The Council carries employee dishonesty bonds for the employees and Board Members in the amount of \$300,000.

NOTE 8 - CONTINGENCIES

A. Grants

The Council receives significant financial assistance from numerous 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 applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the basic financial statements of the individual fund types included herein or on the overall financial position of the Council at December 31, 2024.

B. Litigation

The Council is not party to any legal proceeding.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Asset

The net pension liability/asset and the net OPEB 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 and 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 liability/asset and the net OPEB asset represent the Council's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/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 this estimate annually.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability/asset 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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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/OPEB contribution outstanding at the end of the year is included in accrued payroll and benefits payable on both the accrual and modified accrual bases of accounting.

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Council employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to

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NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Traditional</u>	<u>Combined</u>
2024 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2024 Actual Contribution Rates		
Employer:		
Pension ****	14.0 %	12.0 %
Post-employment Health Care Benefits *****	<u>0.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- ***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Council's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$281,221 for 2024. Of this amount, \$49,958 is reported accrued payroll and benefits payable.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2023, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability or asset was based on the Council's share of contributions to the pension plan relative to the contributions of all participating entities.

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.01126500%	0.00962200%	0.00094700%	
Proportion of the net pension liability/asset current measurement date	<u>0.01077100%</u>	<u>0.01026500%</u>	<u>0.00511700%</u>	
Change in proportionate share	<u>-0.00049400%</u>	<u>0.00064300%</u>	<u>0.00417000%</u>	
Proportionate share of the net pension liability	\$ 2,819,892	\$ -	\$ -	\$ 2,819,892
Proportionate share of the net pension asset	-	(31,553)	(571)	(32,124)
Pension expense	322,902	2,317	(54)	325,165

At December 31, 2024, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 46,089	\$ 1,278	\$ 1,220	\$ 48,587
Net difference between projected and actual earnings on pension plan investments	569,174	5,132	101	574,407
Changes of assumptions	-	1,175	18	1,193
Changes in employer's proportionate percentage/ difference between employer contributions	16,929	-	-	16,929
Contributions subsequent to the measurement date	270,494	6,774	3,953	281,221
Total deferred outflows of resources	<u>\$ 902,686</u>	<u>\$ 14,359</u>	<u>\$ 5,292</u>	<u>\$ 922,337</u>

**MID EAST OHIO REGIONAL COUNCIL
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ 3,122	\$ -	\$ 3,122
Changes in employer's proportionate percentage/ difference between employer contributions	60,591	-	-	60,591
Total deferred inflows of resources	<u>\$ 60,591</u>	<u>\$ 3,122</u>	<u>\$ -</u>	<u>\$ 63,713</u>

\$281,221 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Year Ending December 31:				
2025	\$ 116,951	\$ 787	\$ 206	\$ 117,944
2026	172,484	1,410	210	174,104
2027	363,214	2,951	240	366,405
2028	(81,048)	(843)	144	(81,747)
2029	-	85	137	222
Thereafter	-	73	402	475
Total	<u>\$ 571,601</u>	<u>\$ 4,463</u>	<u>\$ 1,339</u>	<u>\$ 577,403</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2023 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Council's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 4,439,268	\$ 2,819,892	\$ 1,473,042
Combined Plan	(19,093)	(31,553)	(41,368)
Member-Directed Plan	(409)	(571)	(716)

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contribution was \$2,710 for 2024. Of this amount, \$481 is reported as accrued payroll and benefits payable.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Council's proportion of the net OPEB liability was based on the Council's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>
Proportion of the net	
OPEB liability/asset	
prior measurement date	0.01079700%
Proportion of the net	
OPEB liability	
current measurement date	<u>0.01052400%</u>
Change in proportionate share	<u>-0.00027300%</u>
 Proportionate share of the net	
OPEB asset	94,982
OPEB expense	(10,194)

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2024, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 57,042
Changes of assumptions	24,453
Changes in employer's proportionate percentage/ difference between employer contributions	1,036
Contributions subsequent to the measurement date	2,710
Total deferred outflows of resources	<u>\$ 85,241</u>

	<u>OPERS</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 13,519
Changes of assumptions	40,830
Changes in employer's proportionate percentage/ difference between employer contributions	577
Total deferred inflows of resources	<u>\$ 54,926</u>

\$2,710 reported as deferred outflows of resources related to OPEB resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>OPERS</u>
Year Ending December 31:	
2025	\$ (2,319)
2026	4,785
2027	44,401
2028	<u>(19,262)</u>
Total	<u>\$ 27,605</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

**MID EAST OHIO REGIONAL COUNCIL
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00 %</u>	

Discount Rate A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

**MID EAST OHIO REGIONAL COUNCIL
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Council's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

- The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Council's proportionate share of the net OPEB liability/(asset)	\$ 52,199	\$ (94,982)	\$ (216,900)

Sensitivity of the Council's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Council's proportionate share of the net OPEB asset	\$ 98,926	\$ 94,982	\$ 90,506

NOTE 11 - 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 June 2021, while the national state of emergency ended in April 2023. The Council's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that may be realized in subsequent periods, if any, cannot be determined. (customize as needed) In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2024, the Council received \$72,317.57 in CARES Act funding.

NOTE 12 – SUBSEQUENT EVENT

On February 4, 2025, MEORC experienced a cybercrime incident. The matter was reported to the organization's insurance provider and a forensic investigation is currently underway. As a result, MEORC anticipates incurring costs up to \$20,000 related to the insurance deductible.

Further financial or operational impacts are not known at the time of this filing. Management continues to monitor the situation and will evaluate and disclose any material developments as appropriate.

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REQUIRED SUPPLEMENTARY INFORMATION

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Traditional Plan:</i>				
Council's proportion of the net pension liability	0.010771%	0.011265%	0.010789%	0.010608%
Council's proportionate share of the net pension liability	\$ 2,819,892	\$ 3,327,686	\$ 938,687	\$ 1,570,814
Council's covered payroll	\$ 1,769,321	\$ 1,779,314	\$ 1,620,743	\$ 1,516,664
Council's proportionate share of the net pension liability as a percentage of its covered payroll	159.38%	187.02%	57.92%	103.57%
Plan fiduciary net position as a percentage of the total pension liability	79.01%	75.74%	92.62%	86.88%
<i>Combined Plan:</i>				
Council's proportion of the net pension asset	0.010265%	0.009622%	0.009407%	0.009946%
Council's proportionate share of the net pension asset	\$ 31,553	\$ 22,678	\$ 37,064	\$ 28,710
Council's covered payroll	\$ 47,133	\$ 44,664	\$ 42,886	\$ 43,836
Council's proportionate share of the net pension asset as a percentage of its covered payroll	66.94%	50.77%	86.42%	65.49%
Plan fiduciary net position as a percentage of the total pension asset	144.55%	137.14%	169.88%	157.67%
<i>Member Directed Plan:</i>				
Council's proportion of the net pension asset	0.005117%	0.094700%	0.000000%	0.000000%
Council's proportionate share of the net pension asset	\$ 571	\$ 74	\$ -	\$ -
Council's covered payroll	\$ 37,700	\$ 6,230	\$ -	\$ -
Council's proportionate share of the net pension asset as a percentage of its covered payroll	1.51%	1.19%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	134.44%	126.74%	171.84%	188.21%

(1) Information prior to 2014 was unavailable for the Traditional Plan and Combined Plan.

Information prior to 2016 was unavailable for the Member Directed Plan.

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 Council's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.010137%	0.010861%	0.010970%	0.010753%	0.011584%	0.012280%
\$ 2,003,647	\$ 2,974,608	\$ 1,720,980	\$ 2,441,823	\$ 2,006,495	\$ 1,481,105
\$ 1,367,329	\$ 1,633,286	\$ 1,335,415	\$ 1,371,992	\$ 1,437,042	\$ 1,494,600
146.54%	182.12%	128.87%	177.98%	139.63%	99.10%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
0.008782%	0.009049%	0.009962%	0.009634%	0.006270%	0.015184%
\$ 18,313	\$ 10,119	\$ 13,562	\$ 5,362	\$ 3,051	\$ 5,846
\$ 39,093	\$ 38,707	\$ 40,800	\$ 37,500	\$ 22,825	\$ 55,500
46.84%	26.14%	33.24%	14.30%	13.37%	10.53%
145.28%	126.64%	137.28%	116.55%	116.90%	114.83%
0.001376%	0.000000%	0.000100%	0.003310%	0.012507%	
\$ 52	\$ -	\$ -	\$ 14	\$ 48	
\$ 8,180	\$ -	\$ -	\$ 17,189	\$ 69,658	
0.64%	0.00%	0.00%	0.08%	0.07%	
118.84%	113.42%	124.46%	103.40%	103.91%	

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNCIL PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 270,494	\$ 247,705	\$ 249,104	\$ 226,904
Contributions in relation to the contractually required contribution	<u>(270,494)</u>	<u>(247,705)</u>	<u>(249,104)</u>	<u>(226,904)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,932,100	\$ 1,769,321	\$ 1,779,314	\$ 1,620,743
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 6,774	\$ 5,656	\$ 6,253	\$ 6,004
Contributions in relation to the contractually required contribution	<u>(6,774)</u>	<u>(5,656)</u>	<u>(6,253)</u>	<u>(6,004)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 56,450	\$ 47,133	\$ 44,664	\$ 42,886
Contributions as a percentage of covered payroll	12.00%	12.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 3,953	\$ 3,770	\$ 623	\$ -
Contributions in relation to the contractually required contribution	<u>(3,953)</u>	<u>(3,770)</u>	<u>(623)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 39,530	\$ 37,700	\$ 6,230	\$ -
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

(1) Information prior to 2015 was unavailable for the Member Directed Plan.

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 212,333	\$ 191,426	\$ 228,660	\$ 173,604	\$ 164,639	\$ 172,445
<u>(212,333)</u>	<u>(191,426)</u>	<u>(228,660)</u>	<u>(173,604)</u>	<u>(164,639)</u>	<u>(172,445)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,516,664	\$ 1,367,329	\$ 1,633,286	\$ 1,335,415	\$ 1,371,992	\$ 1,437,042
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
\$ 6,137	\$ 5,473	\$ 5,419	\$ 5,304	\$ 4,500	\$ 2,739
<u>(6,137)</u>	<u>(5,473)</u>	<u>(5,419)</u>	<u>(5,304)</u>	<u>(4,500)</u>	<u>(2,739)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 43,836	\$ 39,093	\$ 38,707	\$ 40,800	\$ 37,500	\$ 22,825
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
\$ -	\$ 818	\$ -	\$ -	\$ 1,633	\$ 8,359
<u>-</u>	<u>(818)</u>	<u>-</u>	<u>-</u>	<u>(1,633)</u>	<u>(8,359)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 8,180	\$ -	\$ -	\$ 17,189	\$ 69,658
10.00%	10.00%	10.00%	10.00%	9.50%	12.00%

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Council's proportion of the net OPEB liability	0.010524%	0.010797%	0.010317%	0.010169%
Council's proportionate share of the net OPEB liability/(asset)	\$ (94,982)	\$ 68,077	\$ (323,144)	\$ (181,169)
Council's covered payroll	\$ 1,854,154	\$ 1,830,208	\$ 1,663,629	\$ 1,560,500
Council's proportionate share of the net OPEB liability as a percentage of its covered payroll	-5.12%	3.72%	-19.42%	-11.61%
Plan fiduciary net position as a percentage of the total OPEB liability	107.76%	94.79%	128.23%	115.57%

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 Council's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	0.009753%	0.010380%	0.010520%	0.010417%
\$	1,347,143	\$ 1,353,307	\$ 1,142,395	\$ 1,052,169
\$	1,414,602	\$ 1,671,993	\$ 1,376,215	\$ 1,426,681
	95.23%	80.94%	83.01%	73.75%
	47.80%	46.33%	54.14%	54.05%

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNCIL OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,710	\$ 2,451	\$ 249	\$ -
Contributions in relation to the contractually required contribution	<u>(2,710)</u>	<u>(2,451)</u>	<u>(249)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 2,028,080	\$ 1,854,154	\$ 1,830,208	\$ 1,663,629
Contributions as a percentage of covered payroll	0.13%	0.13%	0.01%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ -	\$ 327	\$ -	\$ 13,762	\$ 28,963	\$ 29,197
-	(327)	-	(13,762)	(28,963)	(29,197)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,560,500	\$ 1,414,602	\$ 1,671,993	\$ 1,376,215	\$ 1,426,681	\$ 1,529,525
0.00%	0.02%	0.00%	1.00%	2.03%	1.91%

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions :

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

(Continued)

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date: reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

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

Mid East Ohio Regional Council
Knox County
1 Avalon Road
Mount Vernon, Ohio 43050

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Mid East Ohio Regional Council, Knox County, Ohio (the Council) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated November 3, 2025, wherein we issued a qualified opinion due to not recording a liability and corresponding expense for compensated absences.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Council's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the finding identified in our audit and described in the accompanying schedule of findings. The Council's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 3, 2025

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2024-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and contractual provisions.

Government Accounting Standards Board (GASB) Statement No. 101, paragraph 8, indicates “Liabilities for compensated absences should be recognized in financial statements prepared using the economic resources measurement focus for (a) leave that has not been used (paragraphs 9–20) and (b) leave that has been used but not yet paid or settled (paragraph 21). Those liabilities are not required to be aggregated for display in the basic financial statements. Applicable salary-related payments (paragraphs 22–26) should be included in the measurement of those liabilities.”

Management has not recorded a liability for compensated absences or an expense for the current period change in that liability. Management also did not include the required compensated absences note disclosure. Additionally, for the prior year ending December 31, 2023, management failed to record and disclose these same items. Accounting principles generally accepted in the United States of America require that compensated absences attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the right to the benefits, which would increase the liabilities and expenses, and would reduce the net position of the Council. The amounts by which this departure would affect the liabilities, expenses, and the beginning and ending net position of the Council, has not been determined because we were unable to obtain sufficient appropriate audit evidence to support a compensated absences liability, the related salaries and benefits expenses, or a compensated absences note to the financial statements. As a result we qualified our opinion over this matter.

This error was the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements to ensure all applicable pronouncements have been properly included in the financial statements and note disclosures. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council not presenting required information, or not presenting information accurately.

To help ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the Council, to help ensure all required standards have been included, and to identify and correct errors and omissions.

Officials’ Response:

MEORC acknowledges the auditors’ finding regarding the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. We regret that the possible liability and disclosure were not included in the 2024 financial statements and accept responsibility for this oversight.

**MID EAST OHIO REGIONAL COUNCIL
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024
(CONTINUED)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</p>

FINDING NUMBER 2024-001 (Continued)

Financial Reporting – Material Weakness (Continued)

While the omission occurred during the initial implementation period of a newly issued standard, we understand that timely adoption of GASB pronouncements is a critical component of sound financial reporting and internal control.

MEORC remains committed to upholding the highest standards of financial reporting and internal control. We appreciate the opportunity to improve our processes and will continue to work collaboratively with the auditors to ensure compliance and transparency.

OHIO AUDITOR OF STATE KEITH FABER



MID EAST OHIO REGIONAL COUNCIL

KNOX 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 12/4/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov