



# Annual Comprehensive Financial Report

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An Enterprise Fund of the State of Ohio

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For the Fiscal Year Ended June 30, 2024



# **Auditor of State of Ohio**

An Enterprise Fund of the State of Ohio

## **Annual Comprehensive Financial Report**

For the Fiscal Year Ended June 30, 2024

Prepared by the Ohio Auditor of State's Office

**Timothy S. Keen**  
Chief Financial Officer

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# Introductory Section

## Transmittal letter



October 10, 2024

## To the citizens of the State of Ohio:

It is our pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) for the Auditor of the State of Ohio's Office (the Office).

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### Preparation

The accuracy and completeness of the presentation of this report is the responsibility of the Auditor of State (AOS). To the best of our knowledge, the enclosed data is accurate in all material respects, and is reported in a manner that fairly presents the financial position and operation of the Office.

This report has been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP), as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). The Office also follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for presenting the information contained within this report and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

### Internal Controls

In developing and modifying the Office's accounting system, consideration is given to the adequacy of internal accounting controls. Controls have been designed to provide reasonable, but not absolute, assurance for safeguarding assets against loss from unauthorized use or disposal, and maintaining accountability of assets and the reliability of financial records for preparing financial statements. The development of internal control policies and procedures requires estimates and judgments by management when evaluating the costs of proposed controls versus their expected benefits. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits to be derived from their implementation. AOS management believes that the Office's current internal control structure adequately meets the above objectives without generating excessive costs.

## **Independent Auditors**

As part of the annual preparation of an ACFR, the Office subjects all financial statements to an annual independent audit. The independent auditor is selected pursuant to Ohio Revised Code § 117.14 by an audit committee made up of the governor and the chairs of the Ohio House and Senate Finance Committees. For fiscal year 2024, Rea & Associates Inc. is the Office's independent auditor.

## **Management's Discussion and Analysis (MD&A)**

GASB Statement No. 34 (GASB 34) requires that management provide an introductory overview and narrative, known as the Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. This transmittal letter is intended to complement and be read in conjunction with this analysis. The MD&A can be found immediately following the independent auditor's report.

## **Profile of the Auditor's Office**

### **Reporting Entity**

The Ohio Constitution establishes the executive branch position of Auditor of State. The Auditor is elected by the citizens of Ohio and serves a four-year term with a limit of two successive terms. The Auditor of State, by virtue of the office, shall be the lead public official responsible for the examination, analysis, inspection, and audits of all public offices. The Office completes financial and compliance audits, performance audits, and special investigatory audits of public offices; provides technical expertise and local government assistance through consulting and training; and carries out other assigned statutory duties.

The Auditor's Office is a proprietary operation for purposes of financial reporting. The Office charges fees to local governments and state agencies for services provided. Results of the Office's operations are reported in a manner similar to the private sector.

The Office operates with five major functional units: Audit Administration, Financial Audit, Local Government Services, Ohio Performance Team, and Special Investigations Unit.

### ***Audit Administration***

Audit Administration is responsible for the day-to-day management and policy decisions of the Office. It is made up of senior management, support staff, and other support sections including finance, facilities and operations, human resources, legal, information technology, policy and legislative affairs, communications, and field operations.

### ***Financial Audit***

Financial Audit includes seven local audit regions, the State Audit region, and several other sections, including Data and Information Technology Audit, the Center for Audit Excellence, and Medicaid Contract Audit. As mandated by Chapter 117 of the Ohio Revised Code, the

Financial Audit Group performs financial and compliance audits of Ohio's public entities to identify critical issues related to the public entities' financial reporting, legal compliance, systems of internal control, control deficiencies, high-risk investments, and irregular or illegal activities. With employees working from across the State, this group serves all state and local government entities in Ohio.

The Data and Information Technology Audit section consists of Information Technology auditors and managers. These auditors test IT general and application controls for various local entities as well as state agency clients. They prepare Service Organization Control reports of school Information Technology Centers, the State of Ohio Computer Center, and the Ohio Administrative Knowledge System, the State's financial reporting and payroll application. The auditors also use advanced data acquisition, Computer Assisted Auditing Techniques, automation, and analysis to interpret large amounts of data on a centralized basis, to support auditors across the Auditor of State's Office.

The Center for Audit Excellence is responsible for monitoring changes to generally accepted auditing standards and accounting principles, as well as changes to federal grant regulations and Ohio law. This includes developing guidelines and training, so all Auditor of State employees are up to date on these standards, regulations, and laws. The group also is charged with ensuring all audits, including audits that Independent Public Accountants conducted on behalf of the Auditor of State, comply with these auditing and accounting standards. In addition, external training on several components of auditing and compliance is conducted throughout the year.

Under authority of Chapter 117 of the Ohio Revised Code, the Medicaid Contract Audit section identifies and reports incidents of noncompliance with state laws and local regulations. The section works closely with the Ohio Department of Medicaid, Ohio Attorney General's Medicaid Fraud Control Unit, Ohio Department of Developmental Disabilities, and the U.S. Department of Health and Human Services, Office of Inspector General.

### **Local Government Services**

The Local Government Services section (LGS) is a consulting and fiscal advisory group to all governmental agencies and subdivisions and is represented in four regional offices. It provides an array of services including training and financial reporting in accordance with Generally Accepted Accounting Principles; financial forecasts and reporting; fiscal caution, fiscal watch, or fiscal emergency assistance; involuntary dissolution report and assistance; and record reconstruction and reconciliation.

### **Ohio Performance Team**

The Ohio Performance Team (OPT) conducts performance audits of public offices pursuant to Chapter 117 of the Ohio Revised Code or upon direction of the General Assembly. Pursuant to § 117.46 of the Ohio Revised Code, OPT conducts at least four performance audits of state agencies each biennium, which can include any state institution of higher education. Performance audits may also be conducted for any school district or local



government entity (counties, townships, villages, etc.) that has been designated as being in a state of fiscal caution, watch, or emergency, pursuant to § 3316.031 and Chapter 118 of the Ohio Revised Code. Performance audits, combined with data-driven analysis, typically identify and help correct inefficient managerial operations and the waste of taxpayer dollars, while providing general oversight and advice to ensure efficient operation of public offices and the maximization of taxpayer dollars.

### ***Special Investigations Unit***

The Special Investigations Unit (SIU) serves as a link between the audit community and law-enforcement. The unit collaborates with federal, state, and local law-enforcement agencies in cases across the State. SIU combines the specialties of forensic auditing, investigators, and legal, to assist in the prosecution of entity fraud and restoring public money back to the local entity.

### **Basis of Accounting**

For accounting and control purposes, the financial activity of the Office is organized on a fund basis. Each fund is a distinct, self-balancing set of accounts. Daily accounting transactions are recorded by the State Office of Budget and Management (OBM) as part of the Ohio Administrative Knowledge System (OAKS), which operates on a modified accrual basis. For purposes of preparing GAAP basis financial reports, individual funds are consolidated into one proprietary fund, and financial transactions are converted to the accrual basis of accounting. Under the accrual basis of accounting, the Office recognizes revenue when earned and expenses when incurred.

### **Budgetary Controls**

Ohio's bicameral legislature, the General Assembly, authorizes expenditures through Appropriation Line Items (ALI) in biennial and supplemental appropriation acts. ALIs are managed, as required by the OBM, at the account category level. The major account categories are Personal Services (salaries and benefits), Maintenance (operating costs), and Equipment. OBM uses OAKS to control the Office's expenditures by checking availability of funds before accepting purchase orders or making payments by vouchers. Purchase orders or vouchers that exceed appropriations are rejected until additional appropriation authority is secured. In addition, purchase orders and vouchers are submitted, with supporting documentation, to OBM for careful examination to ensure proper use of funds.

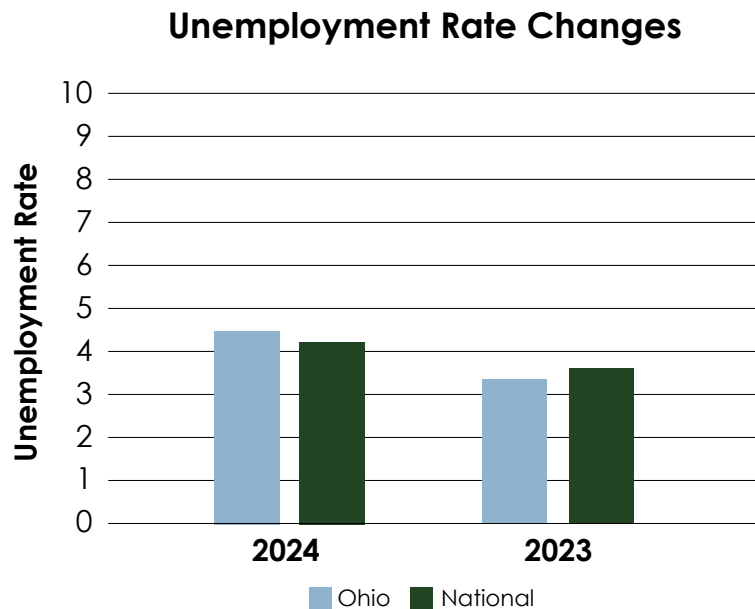
The Office has an established internal budget process to allocate the appropriations between departments and regions. Internal budgets are monitored by the finance department reviewing expenditures against the allotted appropriation by line item. The finance department provides various financial management reports to division chiefs, regional chief auditors, and department heads on a regular basis. Included in these management reports are current month expenditures with a detailed transaction listing, as well as a comparison of year-to-date spending versus appropriated amounts. Also represented on these reports are current month and year-to-date revenues. Purchase orders are reviewed and approved by the finance department to ensure



availability and proper use of funds. Invoices also must be approved by the purchasing division, department or regional office prior to payment.

## Economic Conditions and Outlook

Ohio's unemployment rate was 4.4 percent in June 2024, an increase from a rate of 3.4 percent in June 2023. The national unemployment rate for June 2024 was listed at 4.1 percent, an increase from the 3.6 percent reported for June 2023. This increase represents a return to more normal levels of unemployment from historic lows in the post-pandemic period.



## Major Initiatives

### Financial Audit

Completion of high-quality financial audits in timely fashion continues to be a top priority for the Office. Financial statement audits provide governments with a way to demonstrate to taxpayers that they have been financially accountable and have complied with laws governing the use of taxpayer funds.

The Office released 4,030 audit reports from July 1, 2023, through June 30, 2024, which included traditional financial and compliance audits, agreed-upon procedure (AUP) engagements, basic audits performed by both the Office and Independent Public Accounting firms, performance, and special audits.

#### ***Reduced audit costs***

The Office continues to work with clients of the Auditor of State that qualify for different types of audits based on expenditure thresholds and prior audit results. The Office offers Basic Audits for small entities with annual disbursements of \$300,000 or less, or biennial

disbursements of \$600,000 or less and Agreed Upon Procedure audits for entities with budgeted expenditures under \$5 million in either of the years being audited. Basic and Agreed Upon Procedure audits carry a much lower cost and are a less time-consuming audit for eligible entities.

### ***Issued more than \$2.02 million in Findings for Recovery***

Ohioans must be able to trust elected officials to be responsible with their hard-earned tax dollars. Any abuse or public corruption will not be tolerated. In fiscal year 2024, the Office issued \$2.02 million in findings for recovery from 97 reports of misspent tax dollars. The Auditor's Special Investigations Unit has played a prominent role in cases across the state, leading to the restoration of public money and the removal of crooked officials from their positions.

### ***Multi-Agency Investigation into Eastern Gateway Community College***

The Auditor of State's Office demonstrated its commitment to fiscal integrity and public trust through its proactive investigation into potential wrongdoing at Eastern Gateway Community College. On January 4, 2024, the Auditor of State's Special Investigations Unit (SIU) executed a search warrant related to ongoing investigations concerning the college.

This operation was conducted in collaboration with the Jefferson County Sheriff's Office, the Ohio State Highway Patrol's Computer Crimes Unit, the U.S. Secret Service, the Columbus Division of Police's Digital Forensics Unit, and the Ohio Narcotics Intelligence Center. The coordinated effort highlights the Auditor of State's ability to leverage partnerships across various levels of law enforcement, ensuring a robust and effective approach to uncovering and addressing potential financial irregularities in Ohio's educational institutions.

### ***Public Employee Fraud Prevention Training and Reporting Law***

The Auditor of State helped pass legislation that requires public employees to participate in a fraud training program. This effort included a new fraud training program, which began in 2024 as part of an initiative to enhance public fraud identification and reporting. The focused training, initiated by Auditor Faber and mandated by the Ohio Revised Code, equips state employees, elected officials, and local government personnel with the knowledge and tools to identify, report, and prevent fraud, waste, and abuse in public institutions. To facilitate widespread adoption, the AOS created a free on-demand virtual training video, accessible via the Auditor's website, ensuring consistent delivery of this critical information across all levels of government in Ohio.

## **Local Government Services**

LGS served as fiscal supervisor to 12 entities and one school district in fiscal emergency, providing financial counsel to both the entities and the oversight commission in recovery efforts. In addition, the section is assisting three local governments and one school district in fiscal watch and another four local governments in fiscal caution.

LGS continued to emphasize its presence with smaller local governments. LGS performed 25 reconstructions and reconciliations along with 33 one-on-one fiscal officer trainings. LGS provided four free hours of service, with the option to enter a contract for additional training and services, to 16 entities, assisting fiscal officers who were experiencing difficulties that could potentially jeopardize the financial health of the entity. LGS oversaw a reconciliation monitoring program for Uniform Accounting Network (UAN) client officials, which identified entities whose fiscal officer failed to reconcile for 60 days. Under this program, 161 entities were contacted to provide reconciliation assistance.

LGS worked on revisions to Auditor of State manuals including villages, townships, and student activity programs. LGS collaborated with AOS divisions and other agencies in updating the uniform school accounting system, uniform accounting network, ADAMH behavioral health, and Ohio Library Council manuals.

LGS also participated in creating new bulletins on estimating capital asset historical costs using the Consumer Price Index, GASB 96 subscription-based information technology agreements, House Bill 33 pertaining to cash receipts at school-affiliated events, an update to the GASB 14 Bulletin, and Ohio Facilities Construction Commission issues.

LGS collaborated with the Office's CFAE and DITA divisions along with the Ohio Association of School Business Officials and the Ohio Department of Education, to update the Uniform School Accounting System user manual. The manual is expected to be completed in 2025.

LGS assisted the Auditor of State on numerous GASB exposure drafts, GASB preliminary views documents and Other Comprehensive Basis of Accounting financial statement shells. In addition, LGS served on the National State Auditors, Comptrollers and Treasurers' Lease Standards Implementation Workgroup, and the Auditing and Financial Reporting Committee.

## **Medicaid Contract Audits**

During fiscal year 2024, MCA released 39 Medicaid provider compliance examinations and identified over \$1.2 million in improper payments. Additionally, the department released 20 reports on Intermediate-Care Facilities, which identified more than \$23,000 in findings for recovery and more than \$398,000 in unsupported or non-federal reimbursable costs. The department released five PASSPORT administrative agency reports identifying more than \$11,900 in non-federal reimbursable costs. MCA released 22 Agreed Upon Procedure reports on County Boards of Developmental Disabilities and seven associated Council of Governments identifying over \$8,700 in findings for recovery and \$1.3 million in unsupported non-federal reimbursable costs.

In July 2023, MCA initiated a public interest audit of the Ohio Department of Medicaid focused on the impact of concurrent Medicaid enrollment on Ohio's program. The public interest audit of the Ohio Department of Medicaid focused on the effect of concurrent Medicaid enrollment

on Ohio's program. MCA collaborated with the Office of Audit Services in the U.S. Department of Health and Human Services, Office of Inspector General to obtain capitation payment data (a fixed per-member per-month payment). The data contained over 124,000 individuals who were enrolled in Ohio's program and at least one other state's program at the same time. Auditors were unable to confirm Ohio residency for 40 percent of the sampled capitation payments between 2019 and 2022. Over the four-year period examined, Ohio made capitation payments of more than \$1 billion to provide services to individuals enrolled in multiple states' Medicaid programs. The estimated financial impact on the Ohio Medicaid Program was more than \$200 million.

## **Ohio Performance Team**

OPT conducts performance audits of Ohio public entities – from the tiniest village to the largest state agencies – to help government leaders identify and provide effective and efficient services in a transparent manner. Using data-driven analysis, OPT provides clients with high-level tools and guidance needed to make management decisions to best serve their constituents.

In fiscal year 2024, OPT released 11 projects: eight performance audits of fiscally distressed school districts, one state agency, one city, and one Institution of Higher Education.

In FY 2024, at the request of the Ohio Legislature, OPT completed performance audits of each of the three school districts in academic distress, East Cleveland City Schools, Youngstown City Schools, and Lorain City Schools. These projects made customized recommendations to each school district designed to improve the effectiveness of the districts' operations.

OPT's examination of Lakeland Community College resulted in many actions being taken by the College on the road to fiscal sustainability.

OPT performed audit work for the Ohio Board of Nursing, providing recommendations to enhance their data collection and management of day-to-day operations.

## **Special Investigations Unit**

The Special Investigations Unit (SIU) serves as a link between the Auditor of State's Office and the law-enforcement community. SIU consists of 13 investigators, 18 forensic auditors, three attorneys, and administrative staff, who combine investigative, special auditing, and legal specialties into a cohesive team. The Unit has collaborated with federal, state, and local law enforcement agencies across Ohio.

In fiscal year 2024, the unit received 1,008 tips of suspected fraud and non-compliance with laws in governmental agencies throughout Ohio, with tips coming from several sources, including public employees and concerned citizens. During the fiscal year, SIU assisted in eight convictions related to four state and local governments. These convictions represent eight charges, including three theft-in-office convictions, and restitution totaling \$91,576.55. Additionally, SIU has issued 24 findings for recovery as a civil remedy to help 15 state and local governments recover public dollars totaling \$1,294,249.

Throughout the fiscal year, SIU conducted an average of 120 active special audits and investigations and had several cases waiting for court hearings.

SIU was nationally recognized for excellence in forensic reporting, receiving the NSAA's top honor for the second consecutive year.

## Uniform Accounting Network

The Uniform Accounting Network (UAN) is a financial management system designed specifically for Ohio's local governments. The program provides townships, villages, libraries, special districts, and cities with a complete computer system (hardware and software), along with training and support. UAN's client base in fiscal year 2024 is 2,158 local government entities.

The UAN application comprises five modules: Accounting, Payroll, Budget, Inventory, and Cemetery. The Auditor of State's Office provides training on the five modules to fiscal officers in our Columbus office, online, and on-demand.

UAN is currently working on a multi-year UAN software rewrite project with the assistance of a consultant. The rewrite project will convert the current UAN system from a client-server application to a web-based application that will be hosted by a third-party cloud vendor. This change will enhance the effectiveness of the system and provide the required accounting updates in a more efficient manner.

## Legislative Initiatives

The mission of the Ohio Auditor of State's Office includes emphasis on a more effective, efficient, and transparent state government, which has driven the Office's legislative agenda. The following legislative actions were taken during the 135th General Assembly:

### House Bill 33: Creates Fiscal Year 2024–2025 Operating Budget

*Status: Signed by the Governor and effective July 1, 2023*

In the fall of 2022, the Auditor of State's Office prepared and submitted the fiscal year 2024–2025 biennial budget for the Auditor of State's Office. The Auditor of State line items were fully funded, in the executive budget submission and enacted budget. The budget maintained the Local Government Audit Support Fund, which has been successful in keeping local government audit costs at the current rate. During the legislative process, the Auditor's Office requested additional funding in the Fraud/Corruption Audits and Investigations line item. The funding request was needed for additional investigators and forensic auditors as the demand for this work continues. The Auditor's Office was able to secure additional funding as an outgrowth of the College Credit Plus Performance Audit. The additional funding will be used to incentivize schools to add more College Credit Plus courses in the high school setting. In House Bill 33, the Leverage for Efficiency, Accountability, and Performance (LEAP) fund that was created over 10 years ago was realigned as the Auditor's Innovation Fund. The biennial budget process was overall successful. The budget was signed June 30, 2023, with an effective date of July 1, 2023.

## House Bill 101: Reform the Village Dissolution Process

*Status: Signed by the Governor and effective April 30, 2024*

House Bill 101 modifies the procedure for winding down the affairs of a dissolved village by creating the Transition Supervisory Board (TSB) to oversee the dissolution process. The TSB supervises the various aspects of the transition and appoints a receiver-trustee to perform certain duties including the collection of taxes, resolution of debts, etc. The Auditor of State then performs a final audit of the dissolved village as required by current law.

## Senate Bill 91: Fraud Reporting & Training for State and Local Employees

*Status: Signed by the Governor and effective March 28, 2024*

Senate Bill 91 requires certain public employees to report suspected fraud, theft in office, or misuse or misappropriation of public money to the Auditor of State's office in a timely manner. The legislation also requires the Auditor of State's Office to create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The training language was included in House Bill 33, along with additional funding for the Special Investigations Unit.

## Senate Bill 104 & House Bill 219: Reforms to the College Credit Plus Program

*Status: Pending concurrence in the Senate and the House Higher Education Committee*

Senate Bill 104 updates the College Credit Plus (CCP) program by enacting several recommendations from the Auditor of State's 2022 College Credit Plus performance audit. The legislation seeks to increase program participation by addressing a few key areas, including allowing students to sign up for CCP classes on a semester-by-semester basis; improving access to CCP courses in the high school setting through increased high school teacher credentialing; and additional reforms, such as requiring universities and colleges to provide an orientation program to the CCP students.

## Redistricting

Constitutionally, the Auditor is a member of the Ohio Redistricting Commission. During the last year, the Office has engaged in numerous Commission meetings, staff conversations, and work on the redistricting process required after the 2020 US Census Results.

## Financial Information

**Debt Administration:** During fiscal year 2024, and as of June 30, 2024, the Office had no outstanding debt issues (i.e., bonds).

**Pension Plans:** The Office and all its employees contribute to the Ohio Public Employees Retirement System (OPERS). It is a statewide cost-sharing, multi-employer defined benefit plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. OPERS also provides post-retirement health care allowance to age and service retirees with 20 or more years of qualifying service credit. Health care coverage for disability recipients is also available. Additional disclosures are provided in Notes 5 and 6 to the basic financial statements.

## Other Information

**Certificate of Achievement:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Auditor of State of Ohio for its ACFR for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR that conforms to program standards. Such ACFRs must satisfy both accounting principles generally accepted in the United States of America, as well as applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

**Acknowledgments:** We would like to thank the staff whose time and dedication have made this effort possible. We are committed to ensuring the financial accountability of the Office, as we set an example for all the entities we audit.

Sincerely,



Keith Faber  
Auditor of State



Timothy S. Keen  
Chief Financial Officer





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

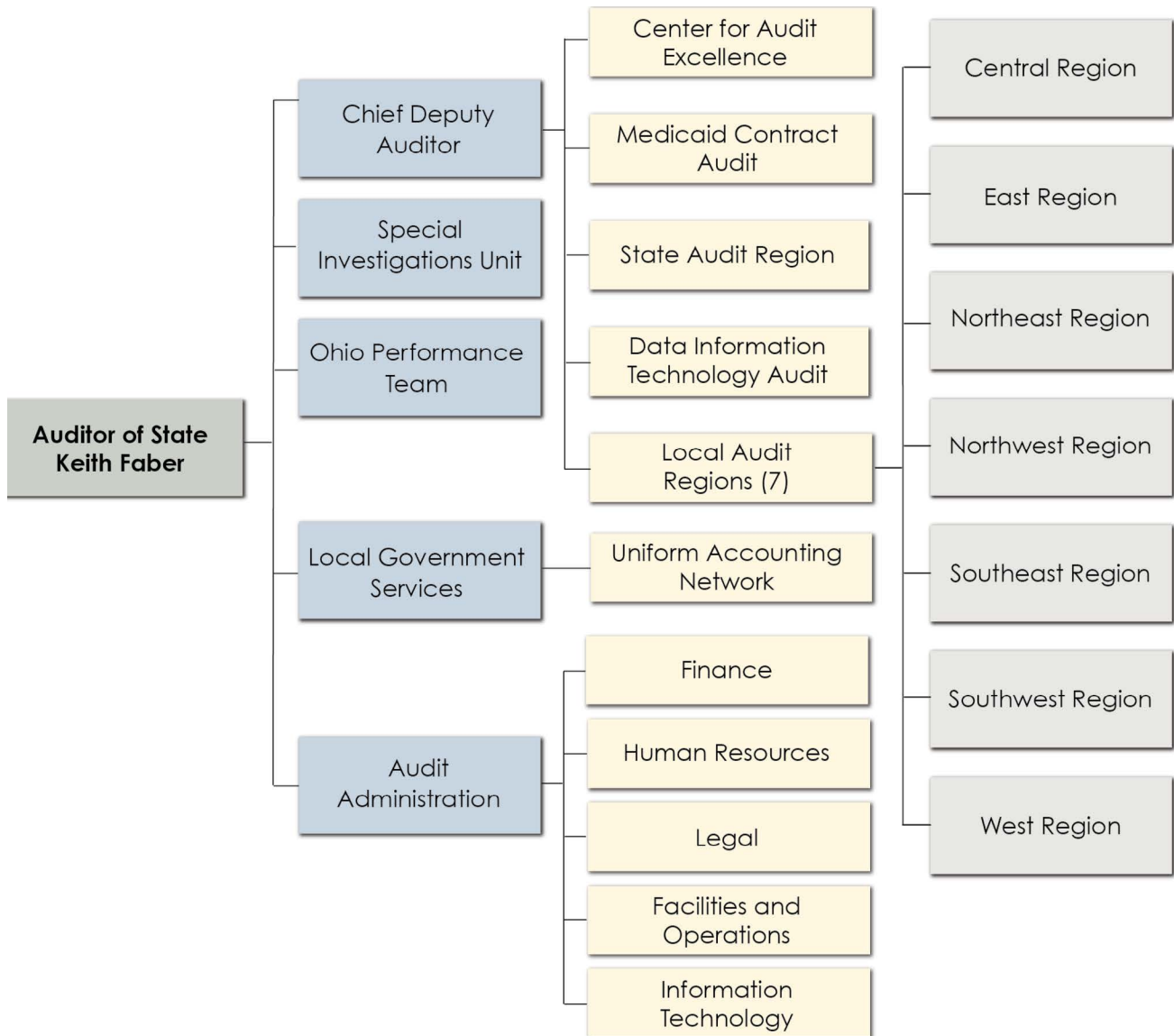
**Auditor of the State of Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



## Appointed Officials

<b>Chief of Staff</b> .....	Sloan Spalding
<b>Deputy Chief of Staff</b> .....	Alex Bilchak
<b>Director of Operations</b> .....	Fred Shimp
<b>Chief Deputy Auditor</b> .....	Robert Hinkle
<b>Chief Financial Officer and Senior Advisor to the Auditor</b> .....	Tim Keen
<b>Chief Legal Counsel</b> .....	Mary DeGenaro
<b>Legislative Director</b> .....	Thomas Hancock
<b>Director of Communications</b> .....	Matt Eiselstein

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# Financial Section



## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and the Office of the Auditor of State  
Office of the Auditor of State of Ohio  
65 East State Street, Suite 1300  
Columbus, OH 43215

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the accompanying financial statements of the Office of the Auditor of State of Ohio (the Office), a Department of the State of Ohio, Franklin County, Ohio, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office of the Auditor of State of Ohio, Franklin County, Ohio, as of June 30, 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 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 (*Government Auditing Standards*). 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 Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, the basic financial statements of the Office are intended to present the financial position, the changes in financial position and cash flows of only the portion of the business-type activities included within the nonmajor enterprise funds of the State of Ohio that is attributable to the transactions of the Office. They do not purport to, and do not, present fairly the financial position of the State of Ohio as of June 30, 2024, the changes in financial position or, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office'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 Office'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.

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Independent Auditor's Report  
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***Required Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office'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 Office's internal control over financial reporting and compliance.



Rea & Associates, Inc.  
Dublin, Ohio  
October 10, 2024



# Management's Discussion & Analysis

This discussion and analysis of the Auditor of the State of Ohio's Office (the Office) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Office's financial performance as a whole. Readers should review the basic financial statements, and the notes to the basic financial statements to enhance their understanding of the Auditor of State's financial position.

## Key Financial Highlights

- Total Assets of the Office increased \$7,184,032, or thirteen percent, from fiscal year 2023, primarily due to the Ohio Public Employee Retirement System (OPERS) reporting a Net OPEB Asset rather than a Net OPEB Liability, along with an increase in Capital Assets due the significant increase of Development in Progress.
- Total Liabilities decreased by \$20,128,096, or fifteen percent, from fiscal year 2023, largely attributable to a decrease of \$18,627,844 in Net Pension Liability, as well as OPERS reporting a Net OPEB Asset rather than a Net OPEB Liability.
- The combined increase in Net Pension and OPEB Assets, and the decrease in Net Pension and OPEB Liabilities of \$24,469,800 during fiscal year 2024, was largely offset by the \$20,139,034 decrease in Deferred Outflows, and the \$3,876,157 increase in Deferred Inflows.
- Total Revenues increased by \$4,258,934, or five percent, from fiscal year 2023. The increase was primarily due to a \$4,825,482 increase in State Appropriations for fiscal year 2024 used to support the conduct of local government audits. This increase was partially offset by a decrease of \$581,840 in Operating Revenue.
- Total Expenses decreased by \$345,688, less than one percent, from fiscal year 2023. The decrease was primarily driven by personal services, partially offset by maintenance expenses.
- As a result of the activity identified above, total Net Position increased by \$3,296,937, from a deficit of (\$36,077,280) to a deficit of (\$32,780,343).

## Using this Annual Report

This annual comprehensive financial report is divided into three parts: the introductory section; the financial section, which includes this discussion & analysis, the basic financial statements, the notes to the basic financial statements, and the required supplementary information; and the statistical section. 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.

## Statement of Net Position

The Statement of Net Position reports information on the Office's assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference between these items reported as Net Position. Over a period of time, increases or decreases in Net Position are useful indicators of the financial position of the Office.

The following schedule provides a summary of the Office's Net Position as of June 30, 2024, as compared with June 30, 2023:

### Schedule 1: Comparison of Net Position as of June 30

	2024	2023
<b>ASSETS</b>		
Current Assets	\$48,078,791	\$46,027,590
Non-Current Assets		
Net Pension Asset	1,615,588	1,203,783
Net OPEB Asset	3,104,935	0
Capital Assets:		
Development in Progress	5,816,684	2,856,820
Depreciable Capital Assets, Net of Accumulated Depreciation/Amortization	2,471,015	3,814,788
<b>Total Assets</b>	<b>\$61,087,013</b>	<b>\$53,902,981</b>
Deferred Outflows of Resources		
Pension	23,905,428	39,935,179
OPEB	2,890,852	7,000,135
<b>Total Deferred Outflows of Resources</b>	<b>\$26,796,280</b>	<b>\$46,935,314</b>
<b>LIABILITIES</b>		
Current Liabilities	\$15,092,271	\$14,750,968
Non-Current Liabilities		
Compensated Absences	10,994,880	10,236,507
Leases Payable	925,484	1,200,196
Net Pension Liability	88,605,764	107,233,608
Net OPEB Liability	0	2,325,216
<b>Total Liabilities</b>	<b>\$115,618,399</b>	<b>\$135,746,495</b>
Deferred Inflows of Resources		
Pension	3,268,596	402,207
OPEB	1,776,641	766,873
<b>Total Deferred Inflows of Resources</b>	<b>\$5,045,237</b>	<b>\$1,169,080</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$6,625,657	\$3,847,487
Restricted Net Position	9,506,730	5,710,652
Unrestricted (Deficit) Net Position	(48,912,730)	(45,635,419)
<b>Total (Deficit) Net Position</b>	<b>(\$32,780,343)</b>	<b>(\$36,077,280)</b>

Total Assets of the Office increased \$7,184,032, or thirteen percent, from fiscal year 2023, primarily due to the Ohio Public Employee Retirement System (OPERS) reporting a Net OPEB Asset rather than a Net OPEB Liability, along with an increase in Capital Assets due the significant increase of Development in Progress.

Total Liabilities decreased by \$20,128,096, or fifteen percent, from fiscal year 2023, largely attributable to a decrease of \$18,627,844 in Net Pension Liability, as well as OPERS reporting a Net OPEB Asset rather than a Net OPEB Liability.

The change from Net OPEB Liability to Net OPEB Asset in fiscal year 2024 is due primarily to the difference between projected and actual earnings on investments. Additional information can be found in the Required Supplementary Information Schedules and Note 6.

The combined increase in Net Pension and OPEB Assets, and the decrease in Net Pension and OPEB Liabilities of \$24,469,800 during fiscal year 2024, was largely offset by the \$20,139,034 decrease in Deferred Outflows, and the \$3,876,157 increase in Deferred Inflows.

## A Note on Net Pension Liability

The net pension liability is the largest single liability reported by the Office on June 30, 2024, and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Net OPEB asset is reported consistent with GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Office's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position; and subtracting deferred outflows related to pension and OPEB and the net pension asset, and the net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange.

However, the Office is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

## **Statement of Revenues, Expenses, and Changes in Net Position**

While the Statement of Net Position provides information about the financial status of the Office at year end, the Statement of Revenues, Expenses and Changes in Net Position presents the results of the business activities over the course of the fiscal year and information as to how the

Net Position changed during the year. This change, combined with the prior year net position total reconciles to the total Net Position at the end of this fiscal year.

Schedule 2 shows revenue, expense, and changes in Net Position for the fiscal year ended June 30, 2024, in comparison with the fiscal year ended June 30, 2023:

## Schedule 2: Change in Net Position

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUES</b>		
Charges for Services - Local	\$35,727,282	\$36,354,889
Charges for Services - State	10,428,520	10,481,454
Other	275,461	176,760
<b>NON-OPERATING REVENUES</b>		
Investment Income	35,721	20,429
State Appropriations	50,450,368	45,624,886
<b>Total Revenues</b>	<b>\$96,917,352</b>	<b>\$92,658,418</b>
<b>OPERATING EXPENSES</b>		
Personal Services	88,605,439	89,409,610
Maintenance	3,156,527	2,700,978
Depreciation/Amortization	1,785,750	1,818,122
<b>NON-OPERATING EXPENSES</b>		
Interest on Leases/Subscriptions	70,592	36,821
Loss on Sale of Capital Assets	2,107	572
<b>Total Expenses</b>	<b>\$93,620,415</b>	<b>\$93,966,103</b>
<b>Change in Net Position</b>	<b>\$3,296,937</b>	<b>(\$1,307,685)</b>
<b>Beginning (Deficit) Net Position</b>	<b>(36,077,280)</b>	<b>(34,769,595)</b>
<b>Ending (Deficit) Net Position</b>	<b>(\$32,780,343)</b>	<b>(\$36,077,280)</b>

Total Revenues increased by \$4,258,934, or five percent, from fiscal year 2023. The increase was primarily due to a \$4,825,482 increase in State Appropriations for fiscal year 2024 used to support the conduct of local government audits. This increase was partially offset by a decrease of \$581,840 in Operating Revenue.

Total Expenses decreased by \$345,688, less than one percent, from fiscal year 2023. The decrease was primarily driven by personal services, partially offset by maintenance expenses.

## Capital Assets and Long-Term Debt

### Capital Assets

On June 30, 2024, the Office had invested \$8,287,699, net of accumulated depreciation/amortization, in various classes of capital assets. This represents an increase of twenty-four percent in net capital assets from fiscal year 2023. This increase was primarily due to the significant increase in the Development in Progress class of asset representing the cost of purchased and internally developed Large Internal Software Projects in progress. In fiscal year 2024, the Office placed TeamMate+ into operation, and had two software applications in the process of being developed. These consisted of a rewrite of the Uniform Accounting Network from a client server application to a web-based application, and the transition of the Web-GAAP application from the State Software Development Team to the Auditor's Office including a rewrite of the application to a modern programming language with enhanced functionality.

Schedule 3 below provides a summary of capital assets as of June 30, 2024 and 2023:

### Schedule 3: Capital Assets (net of Depreciation/Amortization)

	<u>2024</u>	<u>2023</u>
Development in Progress	\$5,816,684	\$2,856,820
Computer Equipment	345,169	710,343
Office Equipment	163,409	219,180
Furniture and Fixtures	33,206	18,990
Large Internal Software Projects	289,219	237,595
Intangible Right to Use - Buildings	1,541,893	2,160,238
Intangible Right to Use - Software	98,119	468,442
<b>Net Capital Assets</b>	<b>\$8,287,699</b>	<b>\$6,671,608</b>

For more information regarding capital assets, see Notes 1-K and 4 of the Notes to the Basic Financial Statements.

### Long-term Debt

On June 30, 2024, the Office had \$1,541,893 in long-term obligations related to office space, leases under the definition of GASB 87. This amount decreased \$618,345, or twenty-nine percent, from fiscal year 2023. This is primarily due to the Office's move of its Columbus headquarters to a building with a smaller footprint. In addition, obligations that met the GASB 96 definition of a subscription-based information technology arrangement (SBITA) decreased \$401,568, or one hundred percent, from fiscal year 2023, due to the payment of all related contracts.

Schedule 4 provides a summary of leases and subscriptions payable as of June 30, 2024 and 2023:

#### **Schedule 4: Long-Term Debt**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Leases	\$1,541,893	\$2,160,238
Subscriptions	0	401,568
<b>Total Long-term Debt</b>	<b>\$1,541,893</b>	<b>\$2,561,806</b>

For more information regarding lease and subscription payable, see Note 1-L and 8 of the Notes to the Basic Financial Statements.

#### **Contacting the Auditor's Office**

This financial report is designed to provide the citizens of the State of Ohio with a general overview of the Auditor of State's finances and to show accountability for the monies it receives. If you have any questions about this report or need additional financial information, please contact Kim Eckert, Finance Director, or Zach Curth, Assistant Finance Director, Department of Finance, 65 East State Street, Suite 1400, Columbus, Ohio 43215, 800-282-0370.



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## Basic Financial Statements

## Statement of Net Position as of June 30, 2024

**ASSETS****Current Assets**

Cash and Cash Equivalents	\$ 29,227,906
Restricted Cash and Cash Equivalents	4,786,207
Accounts Receivable (net of allowance for doubtful accounts)	4,380,299
Intergovernmental Receivable	1,075,515
Appropriations Receivable	1,458,181
Collateral on Lent Securities	7,150,683
<b>Total Current Assets</b>	<b>48,078,791</b>

**Non-Current Assets**

Net Pension Asset (See Note 5)	1,615,588
Net OPEB Asset (See Note 6)	3,104,935
Capital Assets:	
Development in Progress	5,816,684
Depreciable Capital Assets (net of accumulated depreciation/amortization of \$4,442,437)	2,471,015
<b>Total Non-Current Assets</b>	<b>13,008,222</b>

**Total Assets****\$ 61,087,013****Deferred Outflows of Resources:**

Pension	23,905,428
OPEB	2,890,852

**Total Deferred Outflows of Resources****\$ 26,796,280***-Continued*

**Statement of Net Position as of June 30, 2024, cont.****LIABILITIES****Current Liabilities**

Accounts Payable and Due to Other Governments	\$ 396,233
Wages Payable	2,436,592
Benefits Payable	1,028,630
Unearned Revenue	1,223,216
Compensated Absences Payable	2,240,508
Leases Payable	616,409
Obligations Under Securities Lending	7,150,683
<b>Total Current Liabilities</b>	<b><u>15,092,271</u></b>

**Non-Current Liabilities**

Compensated Absences Payable	10,994,880
Leases Payable	925,484
Net Pension Liability (See Note 5)	88,605,764
<b>Total Non-Current Liabilities</b>	<b><u>100,526,128</u></b>

**Total Liabilities****\$ 115,618,399****Deferred Inflows of Resources:**

Pension	3,268,596
OPEB	1,776,641

**Total Deferred Inflows of Resources****\$ 5,045,237****NET POSITION**

Net Investment in Capital Assets	\$ 6,625,657
Restricted Net Position for:	
Health Benefits Surplus	2,659,585
Accrued Leave	2,126,622
Pension and OPEB Plans	4,720,523
Unrestricted (Deficit) Net Position	<u>(48,912,730)</u>
<b>Total (Deficit) Net Position</b>	<b><u>\$ (32,780,343)</u></b>

The accompanying Notes are an integral part of these Basic Financial Statements.

## Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2024

### OPERATING REVENUES

Charges for Services – Local	\$ 35,727,282
Charges for Services – State	10,428,520
Other	<u>275,461</u>
<b>Total Operating Revenues</b>	<b><u>46,431,263</u></b>

### OPERATING EXPENSES

Personal Services	88,605,439
Maintenance	3,156,527
Depreciation/Amortization	<u>1,785,750</u>
<b>Total Operating Expenses</b>	<b><u>93,547,716</u></b>
<b>Operating Income (Loss)</b>	<b><u>(47,116,453)</u></b>

### NON-OPERATING REVENUES (EXPENSES)

Investment Income	35,721
Interest on Leases/Subscriptions	(70,592)
Loss on Sale of Capital Assets	(2,107)
State Appropriations	<u>50,450,368</u>
<b>Total Non-Operating Revenues</b>	<b><u>50,413,390</u></b>
<b>Change in Net Position</b>	<b>3,296,937</b>
<b>Total (Deficit) Net Position — Beginning of Fiscal Year</b>	<b><u>(36,077,280)</u></b>
<b>Total (Deficit) Net Position — End of Fiscal Year</b>	<b><u>\$ (32,780,343)</u></b>

The accompanying Notes are an integral part of these Basic Financial Statements.

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## Statement of Cash Flows for the Fiscal Year Ended June 30, 2024

<b>Cash Flows from Operating Activities</b>	
Cash Received from Charges for Services — Local	\$ 35,143,900
Cash Received from Charges for Services — State	10,712,070
Cash Received from Other Sources	275,461
Cash Restricted for Compensated Absences	1,028,290
Cash Restricted for Health Benefits Surplus	(748,952)
Cash Payments for Personal Services	(88,359,994)
Cash Payments for Maintenance	(3,120,516)
<i>Net Cash Used for Operating Activities</i>	<u>(45,069,741)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
State Appropriations	50,321,116
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<u>50,321,116</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	(3,234,657)
Principal Retirement — Leases	(912,447)
Interest — Leases	(58,296)
Principal Retirement — Subscriptions	(418,923)
Interest — Subscriptions	(12,296)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(4,636,619)</u>
<b>Cash Flows from Investing Activities</b>	
Investment Income	35,721
<i>Net Cash Provided by Investing Activities</i>	<u>35,721</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	650,477
Cash and Cash Equivalents at Beginning of Year	<u>33,363,636</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 34,014,113</u></b>

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## Statement of Cash Flows for the Fiscal Year Ended June 30, 2024, cont.

### Reconciliation of Operating Income to Net Cash Used for Operating Activities

Operating Income (Loss)	\$ (47,116,453)
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### Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities

Depreciation/Amortization	1,785,750
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#### *(Increase)/Decrease in Assets:*

Accounts Receivable, net of Allowance for Doubtful Accounts	(536,525)
Intergovernmental Receivable	283,550
Net Pension Asset	(15,899)
Net OPEB Asset	553,236

#### *(Increase)/Decrease in Deferred Outflows:*

Deferred Outflow — Pension	14,239,872
Deferred Outflow — OPEB	3,479,109

#### *Increase/(Decrease) in Liabilities:*

Accounts Payable and Due to Other Governments	93,804
Wages Payable	73,981
Benefits Payable	(69,723)
Unearned Revenue	(75,816)
Compensated Absences Payable	946,300
Net Pension Liability	4,008,062

#### *Increase/(Decrease) in Deferred Inflows:*

Deferred Inflow — Pension	(18,375,544)
Deferred Inflow — OPEB	(4,343,445)

#### *Total Adjustments*

2,046,712
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#### **Net Cash Used for Operating Activities**

<b>\$ (45,069,741)</b>
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### Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:

Cash and Cash Equivalents	\$ 29,227,906
Restricted Cash and Cash Equivalents — Current	4,786,207
<b>Total Cash and Cash Equivalents at Year End</b>	<b>\$ 34,014,113</b>

### Noncash Capital Financing Activities

Entering into a Lease for a Building	\$ 1,244,696
Accounts Payable for Development in Progress	120,149
Prior Year Accounts Payable for Development in Progress	(262,315)
Acquiring Software through a Subscription	17,355
Reassess Lease Term for a Building	(950,594)

#### **Total Noncash Capital Financing Activities**

<b>\$ 169,291</b>
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The accompanying Notes are an integral part of these Basic Financial Statements.

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# Notes to the Basic Financial Statements for the Fiscal Year Ended June 30, 2024

## Note 1 — Significant Accounting Policies

### A. Reporting Entity

The Auditor of State of Ohio (Auditor) is an elected official and is primarily the chief inspector and supervisor of Ohio's public offices. The Auditor's Office (Office) is responsible for conducting audits of the financial records of local political subdivisions, state agencies and private institutions, associations, boards and cooperatives receiving public funds including federal and state grants provided to state agencies and local governments. The Office is also responsible for promulgating and interpreting accounting rules for local governments; training certain local government finance officers, as well as performing other functions mandated by Ohio law.

The accompanying financial statements report the financial position as of June 30, 2024, and results of operations and cash flows for the fiscal year ended June 30, 2024. The Office is a department of the primary government of the State of Ohio and is a proprietary operation (enterprise fund) for purposes of financial reporting. The accompanying financial statements are not intended to present the financial position, changes in financial position, or cash flows of the State of Ohio taken as a whole. The financial information presented herein for the Office will be incorporated into the State of Ohio's financial statements.

The State of Ohio's Annual Comprehensive Financial Report (ACFR) provides more extensive disclosures regarding the significant accounting policies of the State as a whole. The financial statements of the Auditor are intended to present the financial position and changes in financial position and cash flows of business-type activities and remaining fund information of the State that is attributable to the transactions of the Office.

The significant accounting policies followed in preparation of these financial statements are summarized below. These policies conform to Accounting Principles Generally Accepted in the United States of America (GAAP) for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **B. Fund Accounting**

To observe the restrictions placed on the use of funds, the Office follows the principles of fund accounting. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts.

## **C. Proprietary/Enterprise Fund Type**

The Office operates as an enterprise fund, a form of proprietary fund that is financed and operated in a manner similar to private business enterprises. An enterprise fund is used to report any activity for which a fee is charged to external users of the goods and services provided. Proprietary funds distinguish between operating and non-operating items.

## **D. Classification of Expense and Revenue**

The Office classifies its expenses as either operating or non-operating. Operating expenses result from providing goods and/or services related to the principal ongoing operation of the Office. These expenses include personal services, maintenance, depreciation/amortization and other. Non-operating expenses are expenses not classified as operating and are not related to the principal operations of the Office.

The Office also classifies its revenue as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including charges for services for local and state government entities. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as most State and local grants, and appropriations.

## **E. Basis of Accounting and Measurement Focus**

The financial statements are prepared and presented on the accrual basis of accounting. Accrual accounting records the financial effects of transactions, events, and circumstances in the periods in which they occur rather than in the periods in which cash is received or paid by the organization. Revenues are recognized when earned, and expenses recognized when incurred, if measurable. Unbilled charges for services are recorded as revenues at year-end.

The Office uses an economic resource measurement focus, which emphasizes the determination of net income, financial position, and cash flows. Under this measurement focus, operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in Net Position.

## **F. Cash and Cash Equivalents**

The Treasurer of the State of Ohio (Treasurer) acts as the custodian of the funds for the State. Cash and Cash Equivalents of the Office are pooled and invested by the Treasurer. Account integrity is maintained through a series of checks and balances with the Auditor, Treasurer, and the Office of Budget and Management (OBM).

The Cash and Cash Equivalents with the Treasurer have the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty. Any amounts held by the Treasurer outside of the pool, are considered cash and cash equivalents if they are investments with original maturities of less than three months at the time of purchase.

## **G. Restricted Cash and Cash Equivalents**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets include amounts held in trust by the pension and OPEB plans for future benefits. Restricted Cash and Cash Equivalents are also reported for amounts held in surplus for payment of Compensated Absences and Health Benefits. See Note 7 for more information on Compensated Absences and Note 12 for more information related to the Health Surplus.

## **H. Collateral on Lent Securities/Obligations Under Securities Lending**

At June 30, 2024, the Office had no securities out on loan. The Office has been allocated with cash collateral of \$7,150,683 in 2024 from the securities lending program administered through the Ohio Treasurer of State's Office based on the amount of cash equity in the State's common cash and investment account.

The Treasurer routinely lends securities from the State's investment portfolio under securities lending agreements. For the State's securities out on loan, the Treasurer received cash collateral from the borrower. The State is obligated to return the cash to the borrower when the security lending agreement terminates.

Because the securities lending program is administered by the Treasurer, and is a statewide program, the Office has no ability to determine the underlying securities' fair value. Per the Treasurer, the underlying lent securities are generally considered short term obligations and the collateral is invested in short term securities.

The State of Ohio's ACFR provides more extensive disclosures regarding this significant accounting policy.

## **I. Accounts and Other Receivables**

The Office charges local governments for audit expenses and accounting services. The billings are recorded as accounts receivable when services are provided. Accounts receivable are tracked through the Auditor's payroll and billing system. As payroll is submitted, the hours worked by each employee, by engagement, are recorded and the hours are tracked by the billing system to charge the entity for the services performed. Most of the charges billed by the Office are considered fully collectible because State law allows the Office to certify outstanding balances to the Director of OBM for collection. In addition, the Office has a Service Level Agreement through the Ohio Attorney General's Collection Enforcement Section for collection of unpaid fees.

However, there are a certain number of entities that because of their financial condition or closure are unable to pay their full invoices, and consequently outstanding balances are either certified to the Ohio Attorney General’s Office (AGO) or a request is sent to the entity asking them to enter into a monthly payment plan with the Office. If the entity refuses to enter into a payment plan or it is determined that the outstanding balance amount is uncollectible through the certification process, portions of the outstanding balance may be written off as uncollectible with the approval of the AGO. The allowance for doubtful accounts is shown as a reduction in operating revenue in the financial statements. During fiscal year 2024, the Office recorded \$24,001 in Allowance for Doubtful Accounts. At the end of the fiscal year, billing reports are generated to calculate the amount of outstanding charges and work performed but not yet billed. Pursuant to a service agreement with the Ohio Attorney General’s Office, the Office can request the AGO to cancel or cause to be canceled claims previously certified if uncollected after 15 years or upon request. Ohio Revised Code Section 131.02 (F)(2) requires the Attorney General to cancel or cause to be canceled any unsatisfied claim that has not been collected for 40 years. In fiscal year 2024, the Attorney General cancelled debt relating to one closed Charter School totaling \$21,833. No write-offs occurred related to local governments during the fiscal year.

**J. Intergovernmental Receivable**

The Office charges other State agencies for services provided. Charges to other State of Ohio agencies are recorded in the same manner as charges to local governments. As payroll is submitted, the hours are recorded to be billed to the State agency. At the end of the year, billing reports are generated to calculate the amount of outstanding charges and work performed but not yet billed.

**K. Capital Assets**

To be included as a capital asset, an individual asset’s total acquisition cost must equal or exceed \$1,000 and must have a useful life equal to or greater than three years. All costs incurred in acquiring capital assets, including shipping and handling, trade-in values, and installation fees, are capitalized. Normal maintenance costs and repairs that do not increase the value of the item are expensed when incurred. Any intangible assets identified pursuant to GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, have been classified separately from other assets capitalized by the Office. All capital assets are capitalized at cost and updated for additions and retirements during the year.

Depreciation is based on the straight-line method using the following useful lives:

Computer Equipment	3 Years
Office Equipment	5 Years
Furniture and Fixtures	15 Years
Large Internal Software Projects	10-25 Years

The Office is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and represent nonfinancial assets which are being used

for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right-to-use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

## **L. Leases and SBITAs**

The Office serves as lessee in various noncancellable leases. At the commencement of a lease, the Office initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Office is reporting activity related to Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the Office initially measures the subscription liability at the current value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on in a systematic and rational manner over the shorted of the subscription term or the useful life of the underlying IT asset Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

## **M. Appropriations Receivable**

At June 30, 2024, the Office has outstanding payables that are supported through State appropriations. To ensure payment of these outstanding obligations, the Auditor must receive an appropriation from the State. The total of these reimbursable obligations equals the amount of appropriations receivable.

## **N. Compensated Absences**

The Auditor's Office accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation, compensatory time, and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Office will compensate the employees for the benefits through paid time off or some other means, such as a termination or retirement payment. Leave time that has been earned but is unavailable for

use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement is accrued to the extent it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave benefits are accrued as a liability using the vesting method. The liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the Statement of Net Position date, and on leave balances accumulated by other employees who have been identified as probable to receive such payments in the future. Included in the compensated absences liability is an amount accrued for salary-related payments directly and incrementally associated with the payment of compensated absences upon termination. For additional information on these payments, see Note 7.

## O. Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, 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 usage through external restrictions imposed by creditors, grantors or laws or regulations of governments.

Net Position can be displayed in three components as follows:

1. Net Investment in Capital Assets — This consists of capital assets, net of accumulated depreciation/amortization, and related debt.
2. Restricted — This consists of Net Position that is restricted by law through the Ohio Revised Code. When both restricted and unrestricted resources are available for use, generally it is the Office's policy to use restricted resources first, then unrestricted resources when they are needed.
3. Unrestricted — This consists of Net Position that does not meet the definition of "Net Investment in Capital Assets" and is not restricted.

## P. New Accounting Pronouncements

For fiscal year 2024, the Office implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, "Implementation Guidance Update — 2023." GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of this GASB pronouncement did not have any effect on beginning net position.



## Q. Unearned Revenue

Unearned Revenue represents the amount received for UAN billings billed in advance of services being provided.

## R. Pensions and 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 plans report investments at fair value.

## S. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/ expenditure) until then. For the Office, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 5 and 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Office, deferred inflows of resources are reported on the statement of net position for pension and OPEB and are explained in Notes 5 and 6.

## Note 2 — Description of Accounts

The Office operates on a basis other than GAAP during the year. Accounting transactions are conducted on a modified accrual basis through the State of Ohio's accounting system — the Ohio Administrative Knowledge System (OAKS). The Office has several accounts that are segregated for the purposes of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each account is designated by a specific number and an Appropriation Line Item (ALI) description. The account and ALI numbers detail the spending control by which the Office manages spending.

The General Assembly appropriates funds to the Office within the State of Ohio's General Revenue Fund (GRF). The GRF's appropriations are distributed to the Office's separate ALIs. An ALI limits the use of funds as approved by legislation.

**The General Revenue Fund Appropriation Line Items include the following:**

**GRF-401 (Audit Management and Services)** — Audit Management and Services, is used pursuant to § 117.13 of the Revised Code to support costs of the Auditor of State that are not recovered through charges to local governments and state entities, including costs that cannot be recovered from audit clients under federal indirect cost allocation guidelines.

**GRF-402 (Performance Audits)** — Performance Audits, is used pursuant to § 117.13 of the Revised Code to support costs of the Auditor of State related to the provision of performance audits for local governments, school districts, state agencies, and colleges and universities that are not recovered through charges to those entities, including costs that cannot be recovered from audit clients under federal indirect cost allocation guidelines.

**GRF-403 (Fiscal Distress Technical Assistance)** — Beginning in the fiscal year 2024-2025 biennium, this line item was renamed from Fiscal Watch/Emergency Technical Assistance. The ALI was expanded to pay the costs of providing performance audits, accounting reports, annual forecasts, and supervisory, accounting, or auditing services for municipal corporations, counties, townships, and school districts in the determination or termination of fiscal caution, fiscal watch, or fiscal emergency.

**GRF-404 (Fraud/Corruption Audits and Investigations)** — Fraud/Corruption Audits and Investigations is used pursuant to § 117.13 of the Revised Code to support costs of the Auditor of State related to investigations and special audits conducted by the Special Investigations Unit (SIU), for which costs are not recovered through charges to local governments or state entities. SIU primarily investigates allegations of fraud, theft, and misappropriation of public funds in conjunction with law enforcement.

**GRF-412 (Local Government Audit Support)** — Local Government Audit Support, is used pursuant to § 117.13 of the Revised Code to support costs of the Auditor of State that are not recovered through charges to local governments, including costs that cannot be recovered from audit clients under federal indirect cost allocation guidelines.

**Other State of Ohio Accounts for which the Auditor has responsibility are:**

**Account 1090 Public Audit Expense, Intrastate** — Ohio Revised Code (ORC), § 117.13, establishes the Public Audit Expense - State Agencies. This Section allows the Auditor to charge state agencies for services provided.

**Account 4220 Public Audit Expense, Local Governments** — ORC § 117.13 also establishes the Public Audit Expense, Local Governments. This section of ORC sets forth the costs that may be recovered by the Auditor in the audit and provision of accounting services to local governments.

**Account 5840 Auditors' Training Expense** — To enhance local government officials' knowledge of governmental accounting procedures, ORC § 117.44 establishes an account for the Auditor to conduct training programs. ORC § 117.44 allows the Auditor to determine the manner and content of the training and allows the Auditor to charge the political subdivision attending the training for the actual and necessary expenses of the training.

**Account 6750 Uniform Accounting Network** — ORC § 117.101 establishes this account for the Auditor to create and maintain a uniform and compatible computerized financial management and accounting system. ORC § 117.101 also allows the Auditor to charge participating political subdivisions for goods, materials, supplies, and services necessary to maintain the network.

**Account 5JZ0 Auditor's Innovation Fund** — ORC § 117.47. Beginning in the fiscal year 2024–2025 biennium, this account was renamed and repurposed from the Leverage, Efficiency, Accountability and Performance Fund (LEAP) Revolving Loans. The Auditor's Innovation Fund is to be used for innovative audit, accounting, or local government assistance services that improve the quality or increase the range of services offered to local governments and school districts.

**Account 5VP0 Local Government Audit Support Fund** — ORC § 117.131 establishes this account for the Auditor to offset the financial, performance, and other audit costs that would otherwise be charged to local public offices in the absence of the account.

## Note 3 — Deposits and Investments

The deposit and investment policies of the Treasurer are governed by the Uniform Depository Act, Chapter 135 of the Ohio Revised Code. As required by the ORC, the Treasurer is the custodian for the Office's cash and cash equivalents. The Treasurer's cash and investment pool holds the Office's assets, valued at the Treasurer's reported carrying amount. The Auditor's Office Cash and Cash Equivalents consist of \$29,227,906 with the Treasurer, as well as Restricted Cash and Cash Equivalents of \$4,786,207 with the Treasurer. Additional information regarding the classification of the State's deposits and investments is contained in the State's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

## Note 4 — Capital Assets

Capital asset activity for fiscal year 2024 was as follows:

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
<b>Non-depreciable Capital Assets</b>				
Development in Progress	\$2,856,820	\$3,042,639	(\$82,775)	\$5,816,684
<b>Total Non-depreciable Capital Assets</b>	<b>2,856,820</b>	<b>3,042,639</b>	<b>(82,775)</b>	<b>5,816,684</b>
<b>Depreciable Capital Assets</b>				
<b>Tangible Assets</b>				
Computer Equipment	2,002,074	26,187	(176,801)	1,851,460
Office Equipment	744,660	5,001	(204,055)	545,606
Furniture & Fixtures	134,655	18,664	(68,601)	84,718
<b>Total Tangible Assets</b>	<b>2,881,389</b>	<b>49,852</b>	<b>(449,457)</b>	<b>2,481,784</b>
<b>Intangible Assets</b>				
Large Internal Software Projects	1,424,498	82,775	0	1,507,273
<b>Intangible Right to Use</b>				
<b>Lease Assets</b>				
Intangible Right to Use - Buildings	4,110,523	1,244,696	(3,255,154)	2,100,065
<b>Subscription Assets</b>				
Intangible Right to Use - Software	806,975	17,355	0	824,330
<b>Total Intangible Assets</b>	<b>6,341,996</b>	<b>1,344,826</b>	<b>(3,255,154)</b>	<b>4,431,668</b>
<b>Total Depreciable Capital Assets</b>	<b>9,223,385</b>	<b>1,394,678</b>	<b>(3,704,611)</b>	<b>6,913,452</b>
<b>Less Accumulated Depreciation/Amortization</b>				
<b>Depreciation</b>				
<b>Tangible Assets</b>				
Computer Equipment	(1,291,731)	(391,361)	176,801	(1,506,291)
Office Equipment	(525,480)	(60,772)	204,055	(382,197)
Furniture & Fixtures	(115,665)	(2,341)	66,494	(51,512)
<b>Total Tangible Assets</b>	<b>(1,932,876)</b>	<b>(454,474)</b>	<b>447,350</b>	<b>(1,940,000)</b>
<b>Amortization</b>				
<b>Intangible Assets</b>				
Large Internal Software Projects	(1,186,903)	(31,151)	0	(1,218,054)
<b>Intangible Right to Use</b>				
<b>Lease Assets</b>				
Intangible Right to Use - Buildings	(1,950,285)	(912,447)	2,304,560	(558,172)
<b>Subscription Assets</b>				
Intangible Right to Use - Software	(338,533)	(387,678)	0	(726,211)
<b>Total Intangible Assets</b>	<b>(3,475,721)</b>	<b>(1,331,276)</b>	<b>2,304,560</b>	<b>(2,502,437)</b>
<b>Total Accumulated Depreciation/Amortization</b>	<b>(5,408,597)</b>	<b>(1,785,750)</b>	<b>2,751,910</b>	<b>(4,442,437)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>3,814,788</b>	<b>(391,072)</b>	<b>(952,701)</b>	<b>2,471,015</b>
<b>Capital Assets, Net</b>	<b>\$6,671,608</b>	<b>\$2,651,567</b>	<b>(\$1,035,476)</b>	<b>\$8,287,699</b>

More information on capital assets can be found in Note 1-K

During fiscal year 2024, the Office elected not to exercise a lease option to extend that was previously determined to be reasonably certain of being exercised, resulting in a decrease to Intangible Right to Use — Buildings in the amount of \$950,594.

## Note 5 — Defined Benefit Pension Plans

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

### Net Pension Liability (Asset)/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represent the Office'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) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *benefits payable*. The remainder of this note includes the required pension disclosures. See Note 6 for the required OPEB disclosures.

## Plan Description — Ohio Public Employees Retirement System (OPERS)

Office employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement system that 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this 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):

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
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 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 amount of a member's pension benefit vests at retirement.

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 member's original 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 percent. 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 percent.

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 percent 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 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:

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

\* Member contributions within the combined plan are not used to fund the defined benefit retirement fund allowance.

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4% 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.

For fiscal year 2024, the Office's contractually required contribution was \$8,278,762 for the traditional plan, \$294,447 for the combined plan, and \$310,784 for the member-directed plan. Of these amounts, \$317,796 is reported as a benefits payable for the traditional plan, \$9,325 for the combined plan, and \$6,633 for the member-directed plan.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability (asset) was based on the Office's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the Office's defined benefit pension plans:



	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.33844300%	0.52559700%	
Prior Measurement Date	0.36301100%	0.51074900%	
Change in Proportionate Share	-0.02456800%	0.01484800%	
Proportionate Share of the:			
Net Pension Liability	\$88,605,764	\$0	\$88,605,764
Net Pension Asset	0	1,615,588	1,615,588
Pension Expense	8,350,167	79,533	8,429,700

Fiscal year 2024 pension expense for the member-directed defined contribution plan was \$310,784. The aggregate pension expense for all pension plans was \$8,740,484 for 2024.

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

	OPERS Traditional Plan	OPERS Combined Plan	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$1,448,186	\$65,469	\$1,513,655
Changes of assumptions	0	59,958	59,958
Net difference between projected and actual earnings on pension plan investments	17,884,422	262,763	18,147,185
Changes in proportion and differences between Office contributions and proportionate share of contributions	42,313	7,097	49,410
Office contributions subsequent to the measurement date	3,998,339	136,881	4,135,220
Total Deferred Outflows of Resources	\$23,373,260	\$532,168	\$23,905,428
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$159,791	\$159,791
Changes in proportion and differences between Office contributions and proportionate share of contributions	2,871,130	237,675	3,108,805
Total Deferred Inflows of Resources	\$2,871,130	\$397,466	\$3,268,596

\$4,135,220 reported as deferred outflows of resources related to pension resulting from Office contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in fiscal year 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:

	<b>OPERS Traditional Plan</b>	<b>OPERS Combined Plan</b>	<b>Total</b>
Fiscal Year Ending June 30:			
2025	\$2,511,383	\$2,596	\$2,513,979
2026	5,126,252	34,775	5,161,027
2027	11,412,831	113,910	11,526,741
2028	(2,546,675)	(82,060)	(2,628,735)
2029	0	(30,087)	(30,087)
Thereafter	0	(41,313)	(41,313)
Total	<u>\$16,503,791</u>	<u>(\$2,179)</u>	<u>\$16,501,612</u>

## Actuarial Assumptions — OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<b>OPERS Traditional Plan</b>	<b>OPERS Combined Plan</b>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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 for 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 11.2 percent for 2023.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 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 class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return (Geometric)</b>
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 for the current year was 6.9 percent for the traditional plan and the combined plan. 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 benefits 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 Office’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following table presents the Office’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the Office’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease</u> <u>(5.90%)</u>	<u>Discount Rate</u> <u>(6.90%)</u>	<u>1% Increase</u> <u>(7.90%)</u>
<b>Office's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$139,489,282	\$88,605,764	\$46,285,465
OPERS Combined Plan	(977,610)	(1,615,588)	(2,118,156)

**Note 6 — Defined Benefit OPEB Plans**

See Note 5 for a description of the net OPEB asset.

**Plan Description — Ohio Public Employees Retirement System (OPERS)**

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), which was established in 2014 to fund health care for the Traditional Pension, Combined, and Member-Directed plans. 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 (ORC).

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 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:

**Age 65 or older Retirees** — Minimum of 20 years of qualifying service credit

**Age 60 to 64 Retirees** — Based on the following age-and-service criteria:

**Group A** — 30 years of total service with at least 20 years of qualified health care service credit;

**Group B** — 31 years of total service credit with at least 20 years of qualified health care service credit;

**Group C** — 32 years of total service cred with at least 20 years of qualified health care service credit.

**Age 59 or younger** Based on the following age-and-service criteria:

**Group A** — 30 years of qualified health care service credit;

**Group B** — 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

**Group C** — 32 years of qualified health care service credit and at least age 55.

Retirees who do not 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, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any age with 10 years of service credit	Any age with 10 years of service credit	Any age with 10 years of service credit
<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B, and C.

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.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

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 percent 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.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015 will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015 vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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. For fiscal year 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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 to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. 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 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

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

For fiscal year 2024, the Office's contractually required contribution was \$49,075 for the combined plan and \$94,712 for the member-directed plan. Of these amounts, \$1,554 is reported as an intergovernmental payable for the combined plan and \$2,907 for the member-directed plan.

## **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (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 Office's proportion of the net OPEB liability (asset) was based on the Office'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):	
Current Measurement Date	0.34402800%
Prior Measurement Date	<u>0.36877800%</u>
Change in Proportionate Share	<u>-0.0247500%</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$3,104,935)
OPEB Expense	(\$167,313)



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

	<b>OPERS</b>
<b>Deferred Outflows of Resources</b>	
Changes of assumptions	\$799,366
Net difference between projected and actual earnings on OPEB plan investments	1,864,690
Changes in proportion and differences between Office contributions and proportionate share of contributions	156,254
Office contributions subsequent to the measurement date	70,542
Total Deferred Outflows of Resources	<u>\$2,890,852</u>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$441,922
Changes of assumptions	1,334,719
Total Deferred Inflows of Resources	<u>\$1,776,641</u>

\$70,542 reported as deferred outflows of resources related to OPEB resulting from Office contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in fiscal year 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>OPERS</b>
Fiscal Year Ending June 30:	
2025	\$22,056
2026	199,758
2027	1,451,496
2028	(629,641)
Total	<u>\$1,043,669</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 actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2038
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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, if any contribution is made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 14.0 percent for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees 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. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined 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 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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:

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

## Discount Rate

A single discount rate of 5.70 percent was used to measure the 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 percent. 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) 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 an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. (Fidelity Index's "20-Year Municipal GO AA Index"). 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 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.

### Sensitivity of the Office's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following table presents the Office's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent, as well as what the Office's 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 percent) or one-percentage-point higher (6.70 percent) than the current rate:

	<b>1% Decrease (4.70%)</b>	<b>Current Discount Rate (5.70%)</b>	<b>1% Increase (6.70%)</b>
Office's proportionate share of the net OPEB Liability (Asset)	\$1,706,379	(\$3,104,935)	(\$7,090,417)

### Sensitivity of the Office's Proportionate Share of the Net OPEB Liability (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 or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. 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 plan 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 percent in the most recent valuation.

	<b>1% Decrease</b>	<b>Current Health Care Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Office's proportionate share of the net OPEB Liability (Asset)	(\$3,233,863)	(\$3,104,935)	(\$2,958,641)

## Note 7 — Compensated Absences

Employees of the Auditor of State can earn vacation, sick, and personal leave at various rates as specified by Ohio law. Employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first four years of employment, up to a maximum of 9.2 hours every two weeks after twenty-four years of service. Employees may accrue up to a maximum of three years vacation leave credit, not to exceed the max accrual hours.

<b>Length of Service in Years*</b>	<b>Accrual Rate Per Pay Period</b>	<b>Hours Per Year</b>	<b>Max Accrual in Hours</b>
Less than 4	3.1	80	240
4 but less than 9	4.6	120	360
9 but less than 14	6.2	160	480
14 but less than 19	6.9	180	540
19 but less than 24	7.7	200	600
24 or more	9.2	240	720

\*52 weeks equal one year of service

An employee who separates from state service with less than 12 months of state service is not entitled to compensation for unused accrued vacation leave. Employees exceeding 12 months of service are paid at their full rate of pay for 100 percent of unused vacation. Employees who have a balance of 200 hours of accrued vacation leave, as of the last day of the first pay period in November, may convert up to 80 hours of vacation at 100 percent of the hourly base rate during the December conversions.

Sick leave for all employees is accumulated at a rate of 3.1 hours every two weeks. Part-time employees earn a percentage of this accrual rate based on the number of hours worked. Upon retirement, an employee may be reimbursed for 55 percent of unused sick leave; upon separation, an employee may be reimbursed for 50 percent of unused sick leave. Bargaining unit employees must be vested before receiving sick leave compensation. An employee who separates from state service with less than 12 months of state service is not entitled to compensation for unused accrued sick leave. Employees have the option of having unused sick leave earned paid out at a percentage of their current pay rate, based on the number of hours selected, during the December conversions.

Beginning with the pay period including December 1, full-time permanent exempt employees who are in an active pay status will be credited with 32 hours personal leave to be used during the calendar year and to be paid at 100 percent of the hourly base rate. An employee's Personal Leave balance cannot exceed 40 hours within the year. Any unused personal leave from the previous calendar year up to 40 hours is paid to the employee at 100 percent of their current pay rate in a process called the December conversions. Exempt employees who begin employment after December are granted personal leave prorated at 1.23 hours per pay period. Non-overtime exempt employees may also be paid 100 percent of any unused compensatory time.

To lessen the impact of termination leave payouts, an accrued leave funding program was instituted by law in 1982. Agencies contributed 2.5 percent of gross payroll to the Ohio Department of Administrative Services (DAS), for each pay period from July 2023-June 2024. These funds are deposited into Fund 8060, Accrued Leave Liability, which provides funding for compensated absences upon termination, and for the annual December conversions. If the cost of compensated absences paid for terminations or the December conversions during a pay period exceeds the amount of the assessment charged for that pay period, then the amount of the difference is charged to Fund 8060 and used to help pay those costs.

At fiscal year end, the Office had \$2,126,622 recorded as Restricted Cash & Cash Equivalents in Fund 8060, Accrued Leave Liability Fund. The accumulated resources to fund future leave increased from the previous year. Therefore, we reported the net effect as a decrease in expense and an increase in restricted cash. The compensated absences liability reported for the Office does not reflect the total State of Ohio balance in DAS' Accrued Leave Liability Fund 8060.

Changes in the compensated absences liability for the fiscal year ended June 30, 2024 were as follows:

Beginning Amount	\$12,289,088
Plus: Fiscal Year 2024 Additions	9,331,170
Less: Fiscal Year 2024 Reductions	(8,384,870)
Ending Amount	<u>13,235,388</u>
Amount Due Within One Year	\$2,240,508

## Note 8 — Lease and Subscription Payable

The Office leases various office space. Under the definition of GASB 87, the Office had nine reportable leases. The Office also had four agreements that meet the short-term lease definition of GASB 87. The leases have various terms and interest rates.

The Office has also entered into various contracts that meet the GASB 96 definition of a SBITA. The Office had eight reportable software subscriptions related to the Auditor's Microsoft agreement, and although the subscription has been paid, the use of the intangible right to use asset extends through September 30, 2024.

A summary of the changes in balances of the leases and subscriptions are as follows:

	2023 Balance	Additions	Reductions	2024 Balance	Amount Due Within 1 Year
<b>Leases</b>	\$2,160,238	\$1,244,696	\$1,863,041	\$1,541,893	\$616,409
<b>Subscriptions</b>	\$401,568	\$17,355	\$418,923	\$0	\$0

The future lease and subscription payments were discounted based on the interest rate implicit in the lease and subscription or using the Office's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease and subscription. A summary of the principal and interest amounts for the remaining leases and subscriptions is as follows:

<b>Leases</b>		
<b>Year</b>	<b>Principal</b>	<b>Interest</b>
2025	616,409	46,328
2026	399,880	27,034
2027	416,532	11,436
2028	53,638	1,127
2029	55,434	439
	<u>\$1,541,893</u>	<u>\$86,364</u>

During fiscal year 2024, the Office elected not to exercise a lease option to extend that was previously determined to be reasonably certain of being exercised, resulting in a decrease to leases payable in the amount of \$950,594.

## Note 9 — Risk Management

The State retains the risks associated with claims arising from vehicle liability, property loss, and tort liability. The Office is responsible for the replacement of equipment that may be lost or damaged as a result of the operations of the Office. The State also maintains a public employee's fidelity blanket bond through a private carrier selected by DAS Risk Management Division for all Auditor of State employees. Starting in fiscal year 2025, the State will be self-insured. Individual faithful performance bonds are issued through a separate private carrier for the Auditor of State and the Chief Deputy Auditor.

In addition, employees of the Office who elect medical coverage are enrolled into the State's one medical plan, Ohio Med. Through Ohio Med there are three medical plan options, Ohio Med Narrow Network, Ohio Med Preferred Provider Organization (PPO) or the Ohio Med High Deductible Health Plan (HDHP) with a Health Savings Account administered through Optum Bank (a part of Optum Financial). Each employee who is enrolled in the health plan will be automatically assigned a medical third-party administrator, Anthem or Medical Mutual of Ohio, based on the employee's home zip code.

The State's asset/liability position relative to estimated health benefits funding surplus versus unfunded incurred, but not reported (IBNR) claims liability balance is calculated on the basis of annual actuarial evaluations performed during the year for each plan. Additional disclosures, including other risk disclosures, can be found in the State of Ohio's ACFR for the fiscal year ended June 30, 2024. See Note 12 for additional information related to the health care plan.

## Note 10 — Claims and Judgments Payable

The Office is involved in various lawsuits pertaining to matters that are incidental to performing routine government and other functions. Office management is of the opinion that the ultimate settlement of such claims will not result in a material adverse effect on the Office's financial position as of June 30, 2024.

## Note 11 — Workers' Compensation

The Office participates in a plan that pays workers' compensation benefits to beneficiaries who have been injured on the job with certain state agencies and state universities. The Ohio Bureau of Workers' Compensation (Bureau) calculates the estimated amount of funds needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from participating state agencies and universities in that subsequent one-year period.

## Note 12 — Health Care Surplus

At the end of the fiscal year 2024, the State allocated the incurred but not reported (IBNR) health claim liability (actuarially determined) or surplus to its departments based upon the department's percent of total monthly premiums. At June 30, 2024, the Office recorded \$2,659,585 as a surplus that is included in Restricted Cash and Cash Equivalents. The Office did not have any health benefits liability at year-end. Additional disclosures, including other risk disclosures, can be found in the State of Ohio's ACFR for the fiscal year ended June 30, 2024.

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## Required Supplementary Information (RSI) Schedules

**Auditor of State of Ohio**  
*Required Supplementary Information*  
*Schedule of the Auditor of State of Ohio Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System — Traditional Plan Last Ten Years*

	2024	2023	2022	2021
Office's Proportion of the Net Pension Liability	0.33844300%	0.36301100%	0.36177000%	0.35354400%
Office's Proportionate Share of the Net Pension Liability	\$88,605,764	\$107,233,608	\$31,475,454	\$52,352,169
Office's Covered Payroll	\$55,708,214	\$56,270,936	\$52,503,800	\$49,794,664
Office's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.57%	59.95%	105.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%

Amounts presented for each year were determined as of the Office's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
0.35324500%	0.35913700%	0.35434100%	0.34980700%	0.34262400%	0.34277800%
\$69,821,271	\$98,360,343	\$55,589,233	\$79,435,221	\$59,346,797	\$41,342,858
\$49,701,214	\$48,507,829	\$46,826,623	\$45,219,967	\$42,642,958	\$42,024,942
140.48%	202.77%	118.71%	175.66%	139.17%	98.38%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

**Auditor of State of Ohio**  
*Required Supplementary Information*  
*Schedule of the Auditor of State of Ohio Proportionate Share of the Net Pension Asset*  
*Ohio Public Employees Retirement System — Combined Plan Last Six Years (1)*

	2024	2023	2022	2021	2020	2019
Office's Proportion of the Net Pension Asset	0.52559700%	0.51074900%	0.43745500%	0.43108300%	0.41555400%	0.38513800%
Office's Proportionate Share of the Net Pension Asset	\$1,615,588	\$1,203,783	\$1,723,595	\$1,244,379	\$866,530	\$430,671
Office's Covered Payroll	\$2,413,475	\$2,387,264	\$1,944,343	\$1,899,786	\$1,849,857	\$1,647,207
Office's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-66.94%	-50.43%	-88.65%	-65.50%	-46.84%	-26.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%

(1) Amounts for the combined plan are not presented prior to 2019 because the Office's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of the Office's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information.

**Auditor of State of Ohio***Required Supplementary Information**Schedule of the Auditor of State of Ohio Proportionate Share of the Net OPEB Liability/Asset  
Ohio Public Employees Retirement System — OPEB Plan Last Eight Years (1)*

	2024	2023	2022	2021	2020	2019	2018	2017
Office's Proportion of the Net OPEB Liability (Asset)	0.3440280%	0.3687780%	0.3640850%	0.3558580%	0.3559850%	0.3638490%	0.3594900%	0.3546650%
Office's Proportionate Share of the Net OPEB Liability (Asset)	(\$3,104,935)	\$2,325,216	(\$11,403,699)	(\$6,339,894)	\$49,170,777	\$47,437,320	\$39,037,965	\$35,822,370
Office's Covered Payroll	\$60,924,769	\$61,377,998	\$56,775,367	\$53,818,086	\$53,781,631	\$52,775,259	\$50,919,600	\$49,012,957
Office's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-5.10%	3.79%	-20.09%	-11.78%	91.43%	89.89%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%

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

Amounts presented for each year were determined as of the Office's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information.

**Auditor of State of Ohio**  
*Required Supplementary Information*  
*Schedule of Auditor of State of Ohio Contributions*  
*Ohio Public Employees Retirement System | Last Ten Fiscal Years (1)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Net Pension Liability — Traditional Plan</b>				
Contractually Required Contribution	\$8,278,762	\$7,637,971	\$7,555,809	\$6,950,567
Contributions in Relation to the Contractually Required Contribution	<u>(8,278,762)</u>	<u>(7,637,971)</u>	<u>(7,555,809)</u>	<u>(6,950,567)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Office Covered Payroll	\$59,134,014	\$54,556,936	\$53,970,064	\$49,646,907
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Asset — Combined Plan</b>				
Contractually Required Contribution	\$294,447	\$288,903	\$299,543	\$256,981
Contributions in Relation to the Contractually Required Contribution	<u>(294,447)</u>	<u>(288,903)</u>	<u>(299,543)</u>	<u>(256,981)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Office Covered Payroll	\$2,453,725	\$2,407,525	\$2,139,593	\$1,835,579
Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability — OPEB Plan (2)</b>				
Contractually Required Contribution	\$143,787	\$134,712	\$99,617	\$83,757
Contributions in Relation to the Contractually Required Contribution	<u>(143,787)</u>	<u>(134,712)</u>	<u>(99,617)</u>	<u>(83,757)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Office Covered Payroll	\$64,484,235	\$59,611,590	\$58,600,077	\$53,576,405
Contributions as a Percentage of Covered Payroll	<u>0.22%</u>	<u>0.23%</u>	<u>0.17%</u>	<u>0.16%</u>

(1) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed plan is a defined contribution plan; therefore, the pension side is not included above.

(2) Information before 2017 is not 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>
\$7,111,412	\$6,884,361	\$6,406,967	\$5,779,061	\$5,261,771	\$5,030,793
<u>(7,111,412)</u>	<u>(6,884,361)</u>	<u>(6,406,967)</u>	<u>(5,779,061)</u>	<u>(5,261,771)</u>	<u>(5,030,793)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$50,795,800	\$49,174,007	\$47,456,016	\$46,230,583	\$43,848,092	\$41,923,275
<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>12.50%</u>	<u>12.00%</u>	<u>12.00%</u>
\$268,615	\$248,211	\$221,352	\$207,304	\$169,339	\$153,580
<u>(268,615)</u>	<u>(248,211)</u>	<u>(221,352)</u>	<u>(207,304)</u>	<u>(169,339)</u>	<u>(153,580)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,918,679	\$1,772,936	\$1,640,818	\$1,657,629	\$1,411,158	\$1,279,833
<u>14.00%</u>	<u>14.00%</u>	<u>13.49%</u>	<u>12.51%</u>	<u>12.00%</u>	<u>12.00%</u>
\$85,896	\$101,457	\$343,555	\$812,773		
<u>(85,896)</u>	<u>(101,457)</u>	<u>(343,555)</u>	<u>(812,773)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$54,861,868	\$53,483,363	\$51,616,654	\$50,257,922		
<u>0.16%</u>	<u>0.19%</u>	<u>0.67%</u>	<u>1.62%</u>		

## AOS Notes to the Required Supplementary Information for the Fiscal Year Ended June 30, 2024

### Changes in Assumptions — OPERS Pension — Traditional Plan

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

	2022	2019	2017 and 2018	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013, Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013, Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for post-January 7, 2013, retirees are as follows:

#### COLA or Ad Hoc COLA | Post-January 7, 2013, Retirees

2024	2.3 percent, simple through 2024, then 2.05 percent, simple
2023	3 percent, simple through 2023, then 2.05 percent, simple
2022	3 percent, simple through 2022, then 2.05 percent, simple
2021	.5 percent, simple through 2021, then 2.15 percent, simple
2020	1.4 percent, simple through 2020, then 2.15 percent, simple
2017 through 2019	3 percent, simple through 2018, then 2.15 percent, simple

Amounts reported beginning in 2022 use mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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.

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base



year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

### Changes in Assumptions — OPERS Pension — Combined Plan

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

	2022	2019 through 2021	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent	3.25 to 8.25 percent	3.25 to 8.25 percent
	including wage inflation	including wage inflation	including wage inflation
Future Salary Increases, including inflation			
COLA or Ad Hoc COLA:			
Pre-January 7, 2013, Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013, Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Since 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

## Changes in Assumptions — OPERS OPEB

### Wage Inflation:

2023 and 2022	2.75 percent
2021 and prior	3.25 percent

### Projected Salary Increases (incl. wage inflation):

2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent

### Investment Return Assumption:

Beginning in Fiscal year 2019	6.00 percent
Fiscal year 2018	6.50 percent

### Municipal Bond Rate:

Fiscal year 2024	3.77 percent
Fiscal year 2023	4.05 percent
Fiscal year 2022	1.84 percent
Fiscal year 2021	2.00 percent
Fiscal year 2020	2.75 percent
Fiscal year 2019	3.71 percent
Fiscal year 2018	3.31 percent

### Single Discount Rate:

Fiscal year 2024	5.70 percent
Fiscal year 2023	5.22 percent
Fiscal year 2021	6.00 percent
Fiscal year 2020	3.16 percent
Fiscal year 2019	3.96 percent
Fiscal year 2018	3.85 percent

### Health Care Cost Trend Rate:

Fiscal year 2024	5.50 percent, initial; 3.50 percent, ultimate in 2038
Fiscal year 2023	5.50 percent, initial; 3.50 percent, ultimate in 2036
Fiscal year 2022	5.50 percent, initial; 3.50 percent, ultimate in 2034
Fiscal year 2021	8.50 percent, initial; 3.50 percent, ultimate in 2035
Fiscal year 2020	10.00 percent, initial; 3.50 percent, ultimate in 2030
Fiscal year 2019	10.00 percent, initial; 3.25 percent, ultimate in 2029
Fiscal year 2018	7.50 percent, initial; 3.25 percent, ultimate in 2028

## Changes in Benefit Terms — OPERS OPEB

On January 15, 2020, 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 fiscal year 2021.

# Statistical Section

## AOS Statistics

This part of the Auditor of State’s (the Office’s) annual comprehensive financial report presents detailed information as context for understanding what the information in the financial statements and note disclosures says about the Office’s overall financial health.

### **Financial Trends.....76**

This schedule contains trend information to help the reader understand how the Auditor of State’s financial performance and well-being have changed over time.

### **Revenue Capacity.....78**

These schedules contain information to help the reader assess the Auditor of State’s most significant operating and non-operating revenue sources, and rate structure.

### **Debt Capacity ..... 82**

This schedule presents information to help the reader assess the affordability of the Office’s current levels of outstanding debt.

### **Economic and Demographic Information .....84**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the Auditor of State’s activities take place.

### **Operating Information ..... 88**

These schedules contain service data to help the reader understand how the information in the Auditor of State’s financial report relates to the services the Auditor of State provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Additional demographic information can be located in the State of Ohio’s ACFR for the fiscal year ended June 30, 2024.

## Schedule 1: Changes in Net Position and Net Position by Type, Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2024	2023	2022	2021
<b>OPERATING REVENUES</b>				
Charges For Services - Local	\$ 35,727,282	\$ 36,354,889	\$ 36,180,584	\$ 34,559,352
Charges For Services - State	10,428,520	10,481,454	11,209,825	10,715,480
Other	275,461	176,760	17,141	16,407
<b>Total Operating Revenues</b>	<b>46,431,263</b>	<b>47,013,103</b>	<b>47,407,550</b>	<b>45,291,239</b>
<b>OPERATING EXPENSES</b>				
Personal Services	88,605,439	89,409,610	61,238,208	35,276,990
Maintenance	3,156,527	2,700,978	2,909,575	6,486,404
Depreciation/Amortization	1,785,750	1,818,122	1,311,915	182,891
Other	0	0	0	0
<b>Total Operating Expenses</b>	<b>93,547,716</b>	<b>93,928,710</b>	<b>65,459,698</b>	<b>41,946,285</b>
Operating Income (Loss)	(47,116,453)	(46,915,607)	(18,052,148)	3,344,954
<b>NON-OPERATING REVENUES/(EXPENSES)</b>				
Intergovernmental Revenue	0	0	0	552,216
Investment Income	35,721	20,429	5,073	6,643
Interest on Leases/Subscriptions	(70,592)	(36,821)	(24,753)	0
Gain/(Loss) on Sale of Capital Assets	(2,107)	(572)	0	(172)
State Appropriations	50,450,368	45,624,886	42,831,542	39,247,300
<b>Total Non-Operating Revenues</b>	<b>50,413,390</b>	<b>45,607,922</b>	<b>42,811,862</b>	<b>39,805,987</b>
Transfers-In/Capital Contribution	0	0	0	0
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,296,937</b>	<b>\$ (1,307,685)</b>	<b>\$ 24,759,714</b>	<b>\$ 43,150,941</b>
<b>NET POSITION BY TYPE</b>				
Net Investment in Capital Assets	\$ 6,625,657	\$ 3,847,487	\$ 1,467,434	\$ 635,898
Restricted Net Position	9,506,730	5,710,652	5,961,603	4,213,747
Unrestricted Net Position (Deficit)	(48,912,730)	(45,635,419)	(42,198,632)	(64,378,954)
<b>Total (Deficit) Net Position</b>	<b>\$ (32,780,343)</b>	<b>\$ (36,077,280)</b>	<b>\$ (34,769,595)</b>	<b>\$ (59,529,309)</b>

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical or material.

Source: Auditor of State of Ohio

Fiscal Year Ended June 30					
2020	2019	2018	2017	2016	2015
\$ 37,495,825	\$ 36,253,609	\$ 36,154,946	\$ 36,956,336	\$ 39,013,830	\$ 33,663,217
9,186,134	8,501,140	9,513,450	9,609,197	9,914,574	9,459,733
113,903	381,323	394,264	387,917	440,606	322,587
46,795,862	45,136,072	46,062,660	46,953,450	49,369,010	43,445,537
89,042,040	95,970,087	75,972,532	83,139,543	72,512,431	64,566,700
5,931,398	6,148,436	5,309,341	7,656,835	6,105,878	3,476,221
247,866	228,952	292,830	306,387	320,185	418,172
0	0	0	0	0	1,595,656
95,221,304	102,347,475	81,574,703	91,102,765	78,938,494	70,056,749
(48,425,442)	(57,211,403)	(35,512,043)	(44,149,315)	(29,569,484)	(26,611,212)
0	0	0	0	0	0
21,429	23,890	15,559	11,566	8,150	5,144
0	0	0	0	0	0
14,603	38,077	(388)	2,579	21,243	25,321
39,320,395	30,789,255	22,117,461	30,603,048	30,332,459	28,261,895
39,356,427	30,851,222	22,132,632	30,617,193	30,361,852	28,292,360
0	0	0	0	0	1,998
\$ (9,069,015)	\$ (26,360,181)	\$ (13,379,411)	\$ (13,532,122)	\$ 792,368	\$ 1,683,146
\$ 724,252	\$ 766,820	\$ 938,461	\$ 1,193,477	\$ 1,337,688	\$ 1,353,708
3,637,807	1,865,964	842,520	843,637	787,861	1,837,623
(107,042,309)	(96,244,019)	(69,032,035)	(55,908,757)	(6,838,369)	(8,696,519)
\$ (102,680,250)	\$ (93,611,235)	\$ (67,251,054)	\$ (53,871,643)	\$ (4,712,820)	\$ (5,505,188)

## Schedule 2: Revenue by Type and Source, Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2024	2023	2022	2021
<b>OPERATING REVENUES:</b>				
Charges For Services – Local				
Audits - Local Governments	\$ 25,451,080	\$ 26,450,410	\$ 26,990,930	\$ 27,290,296
Local Government Services	4,110,252	3,935,527	3,477,241	3,093,744
Uniform Accounting Network Fees	6,165,950	5,968,952	5,712,413	4,175,312
LEAP Audits	0	0	0	0
Total Charges For Services – Local	35,727,282	36,354,889	36,180,584	34,559,352
Charges For Services - State				
Audits - State Agencies	8,179,825	8,178,934	9,080,414	8,752,551
Medicaid Contract Audits	2,248,695	2,302,520	2,129,411	1,962,929
Total Charges For Services – State	10,428,520	10,481,454	11,209,825	10,715,480
Other Operating Revenues	275,461	176,760	17,141	16,407
<b>TOTAL OPERATING REVENUES</b>	<b>46,431,263</b>	<b>47,013,103</b>	<b>47,407,550</b>	<b>45,291,239</b>
<b>NON-OPERATING REVENUES:</b>				
Intergovernmental Revenue	0	0	0	552,216
Investment Income	35,721	20,429	5,073	6,643
Gain on Sale of Capital Assets	0	0	0	0
State Appropriations	50,450,368	45,624,886	42,831,542	39,247,300
<b>TOTAL NON-OPERATING REVENUES</b>	<b>50,486,089</b>	<b>45,645,315</b>	<b>42,836,615</b>	<b>39,806,159</b>
<b>TOTAL OFFICE REVENUES</b>	<b>\$ 96,917,352</b>	<b>\$ 92,658,418</b>	<b>\$ 90,244,165</b>	<b>\$ 85,097,398</b>

Source: Auditor of State of Ohio

Fiscal Year Ended June 30					
2020	2019	2018	2017	2016	2015
\$ 29,027,465	\$ 28,881,630	\$ 28,865,061	\$ 28,753,452	\$ 31,138,578	\$ 27,514,634
3,151,321	2,899,586	2,942,475	3,240,235	3,064,604	2,682,898
5,317,039	4,472,393	4,347,410	4,862,650	4,717,821	3,468,376
0	0	0	99,999	92,827	(2,691)
37,495,825	36,253,609	36,154,946	36,956,336	39,013,830	33,663,217
7,783,784	6,525,108	6,872,709	6,358,461	7,102,382	6,556,141
1,402,350	1,976,032	2,640,741	3,250,736	2,812,192	2,903,592
9,186,134	8,501,140	9,513,450	9,609,197	9,914,574	9,459,733
113,903	381,323	394,264	387,917	440,606	322,587
46,795,862	45,136,072	46,062,660	46,953,450	49,369,010	43,445,537
0	0	0	0	0	0
21,429	23,890	15,559	11,566	8,150	5,144
14,603	38,077	0	2,579	21,243	25,321
39,320,395	30,789,255	22,117,461	30,603,048	30,332,459	28,261,895
39,356,427	30,851,222	22,133,020	30,617,193	30,361,852	28,292,360
\$ 86,152,289	\$ 75,987,294	\$ 68,195,680	\$ 77,570,643	\$ 79,730,862	\$ 71,737,897

### Schedule 3: Rate Schedule, Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>State Rate</u>	<u>Local Government Audit Rate</u>	<u>Local Government Services Rate</u>
2024	\$85.00	\$41.00	\$50.00
2023	\$85.00	\$41.00	\$50.00
2022	\$85.00	\$41.00	\$50.00
2021	\$79.00	\$41.00	\$50.00
2020	\$76.00	\$41.00	\$50.00
2019	\$68.00	\$41.00	\$50.00
2018	\$68.00	\$41.00	\$50.00
2017	\$68.00	\$41.00	\$50.00
2016	\$66.50	\$41.00	\$50.00
2015	\$65.92	\$41.00	\$50.00

**NOTES:** The State rate is an hourly rate charged to all State Agency audits and Medicaid Provider Audits. An independent third party firm calculates the maximum allowable rate consistent with Federal statewide indirect cost allocation guidelines.

The Auditor of State charges 50 percent of the applicable billing rate for services provided by AOS interns.

*Source: Auditor of State of Ohio*

### Uniform Accounting Network Monthly Fee Schedule

<u>Revenue From</u>	<u>To</u>	<u>7/1/2014 to 6/30/2024</u>
\$0	\$50,000	\$8
50,001	100,000	18
100,001	150,000	30
150,001	200,000	37
200,001	250,000	44
250,001	300,000	51
300,001	350,000	62
350,001	400,000	72
400,001	450,000	83
450,001	500,000	95
500,001	600,000	105
600,001	750,000	135
750,001	1,000,000	165
1,000,001	2,500,000	215
2,500,001	5,000,000	255
5,000,001	7,500,000	280
7,500,001	10,000,000	300
10,000,001	99,999,999	325

**NOTES:** The Uniform Accounting Network (UAN) Program Participation Fees are composed of two components: A monthly User Fee based on the total resources of the entity as shown in the table above and a Hardware Surcharge of \$50 per month for each entity.

Fees are determined by the clients' total resources as determined by the Auditor of State's Office. UAN clients are billed in advance.

*Source: Auditor of State of Ohio, Uniform Accounting Network Department*



### Schedule 3: Rate Schedule, Last Ten Fiscal Years, cont.

#### Local Government Services (LGS) Tiered Fee Schedule for Financial Reporting Compilation and Review Service

##### Tiered Rates FY 2021 – December 30, 2022

	Counties	Municipalities & Other Local Govts	Schools	LGS Tiered Rate FY 2021	LGS Tiered Rate FY 2022	LGS Tiered Rate FY 2023 (7/1/2022- 12/30/2022)
<b>Tier I</b>	\$100,000,001 or More	\$50,000,001 or More	\$50,000,001 or More	\$65.00	\$75.00	\$85.00
<b>Tier II</b>	\$50,000,001 – \$100,000,000	\$10,000,001 – \$50,000,000	\$10,000,001 – \$50,000,000	\$60.00	\$67.00	\$75.00
<b>Tier III</b>	\$50,000,000 or Less	\$10,000,000 or Less	\$10,000,000 or Less	\$55.00	\$55.00	\$60.00

##### Tiered Rates December 31, 2022 – Present

	Counties	Municipalities & Other Local Govts	Schools	LGS Tiered Rate FY 2023 (12/31/2022 – 6/30/2023)	LGS Tiered Rate FY 2024
<b>Tier I</b>	\$110,000,001 or More	\$55,000,001 or More	\$55,000,001 or More	\$85.00	\$85.00
<b>Tier II</b>	\$55,000,001 – \$110,000,000	\$11,000,001 – \$55,000,000	\$11,000,001 – \$55,000,000	\$75.00	\$75.00
<b>Tier III</b>	\$55,000,000 or Less	\$11,000,000 or Less	\$11,000,000 or Less	\$60.00	\$60.00

**NOTES:** Beginning in fiscal year 2021, Local Government Services (LGS) used a tiered fee schedule for financial reporting compilation and review services. AOS will base the tiered LGS billing rates on a local government's total combined revenues as reported in the most recently audited financial statements. For services including, but not limited to: consulting, fiscal advisory, and training services, LGS will charge \$50, regardless of the size of the local government or its total revenues. For additional information, refer to Auditor of State Bulletin 2023-003.

*Source: Auditor of State of Ohio*

**Schedule 4: Ratio of Debt per Capita, Last Three Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Number of Audit Clients</b>	<b>Lease Payable</b>	<b>Subscription Payable</b>	<b>Total Debt</b>	<b>Ratio of Debt to Personal Income</b>	<b>Debt Per Capita</b>
2022	5,900	\$1,538,434	\$541,472	\$2,079,906	N/A	\$353
2023	5,965	\$2,160,238	\$401,568	\$2,561,806	N/A	\$429
2024	5,998	\$1,541,893	\$0	\$1,541,893	N/A	\$257

**Notes:**

GASB 87 was implemented in fiscal year 2022.

GASB 96 was implemented in fiscal year 2023.

Ratio of Debt to Personal Income is N/A as the Auditor of State's Office does not have a specific tax base and the State of Ohio personal income would generate a ratio that would not be meaningful. Additional information can be found in Note 8 Lease and Subscription Payable.

*Source: Auditor of State of Ohio*

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## Schedule 5: Number of Audits Released, by Type, Last Ten Fiscal Years

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Agreed Upon Procedures:										
Cities	1	2	1	1	1	0	0	0	0	1
Counties	0	2	2	6	2	1	0	0	1	2
School Districts	1	0	0	0	0	1	1	9	2	1
State Agencies	8	8	7	3	5	5	4	2	3	3
Medicaid Contract	54	42	41	26	1	18	22	91	74	58
Townships / Villages	413	449	364	299	384	326	325	376	283	243
Other	303	396	403	481	656	864	1008	624	362	372
	<b>780</b>	<b>899</b>	<b>818</b>	<b>816</b>	<b>1,049</b>	<b>1,215</b>	<b>1,360</b>	<b>1,102</b>	<b>725</b>	<b>680</b>
Basic Audit:										
Cities	0	0	0	0	0	0	0	0	0	0
Counties	0	0	0	1	1	2	0	1	0	1
School Districts	0	0	0	0	0	0	0	1	0	0
State Agencies	0	0	0	0	0	0	0	0	0	0
Medicaid Contract	0	0	0	0	0	0	0	0	0	0
Townships / Villages	140	113	88	104	105	46	40	54	48	42
Other	382	374	307	303	321	216	223	198	154	147
	<b>522</b>	<b>487</b>	<b>395</b>	<b>408</b>	<b>427</b>	<b>264</b>	<b>263</b>	<b>254</b>	<b>202</b>	<b>190</b>
Financial Audits										
Cities	237	244	237	244	249	229	249	258	234	239
Colleges & Universities	37	44	37	38	39	40	40	39	40	41
Community School Districts	320	302	306	299	323	351	342	381	321	367
Counties	95	89	89	75	89	86	90	91	89	88
Libraries	68	37	43	70	68	64	66	17	86	94
School Districts	630	679	567	610	641	642	630	633	657	686
State Agencies	17	15	16	16	18	17	18	20	26	21
Townships	310	236	238	353	376	352	401	413	441	448
Villages	171	180	190	235	246	282	265	262	228	269
Other	757	654	737	776	814	810	799	884	751	734
	<b>2,642</b>	<b>2,480</b>	<b>2,460</b>	<b>2,716</b>	<b>2,863</b>	<b>2,873</b>	<b>2,900</b>	<b>2,998</b>	<b>2,873</b>	<b>2,987</b>

-Continued

## Schedule 5: Number of Audits Released, by Type, Last Ten Fiscal Years, cont.

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Medicaid Provider Audits	39	37	44	23	17	16	24	20	26	20
Performance Audits										
Cities	1	1	3	5	1	0	1	2	1	3
Colleges & Universities	1	0	0	0	0	1	0	0	0	0
Counties	0	1	0	1	0	0	0	0	0	2
School Districts	8	4	10	4	6	10	10	14	10	17
State Agencies	1	6	2	4	1	3	0	4	0	4
Townships / Villages	0	0	0	1	0	0	1	0	2	0
Other	0	1	0	0	2	0	1	1	1	0
	<b>11</b>	<b>13</b>	<b>15</b>	<b>15</b>	<b>10</b>	<b>14</b>	<b>13</b>	<b>21</b>	<b>14</b>	<b>26</b>
Special Audits										
Cities	1	1	1	0	2	0	0	0	0	1
Counties	3	3	0	0	0	0	0	0	1	3
School Districts	3	5	0	0	0	0	0	1	2	0
State Agencies	0	0	0	0	0	1	0	0	0	0
Townships / Villages	6	5	1	2	0	0	1	0	2	1
Other	2	4	0	2	0	1	0	3	4	3
	<b>15</b>	<b>18</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>8</b>
SOC 1 Reports	21	21	21	21	21	20	20	22	24	25
<b>TOTAL</b>	<b>4,030</b>	<b>3,955</b>	<b>3,755</b>	<b>4,003</b>	<b>4,389</b>	<b>4,404</b>	<b>4,581</b>	<b>4,421</b>	<b>3,873</b>	<b>3,936</b>

Source: Auditor of State's website, Audit Search ([ohioauditor.gov/auditsearch/Search.aspx](https://ohioauditor.gov/auditsearch/Search.aspx)); Medicaid Contract Agreed Upon Procedures and Medicaid Provider Audits obtained from the Medicaid Contract Region; SOC 1 obtained from the Data and Information Technology Audit section.

## Schedule 6: Local Government Services (LGS) Completed Projects, by Type, Last Ten Fiscal Years

<u>Project Type</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>
GAAP Compilations:					
ACFR Under GASB No. 34	44	46	51	55	53
Basic Financial Statements Under GASB No. 34	157	163	174	173	176
Consultation/Supervision Only	11	11	12	13	20
Cash Basis	41	38	39	40	42
Fiscal Emergency/Watch/Caution	27	28	29	37	31
Reconciliations & Reconstructions	25	25	19	19	35
Special Projects*	235	191	156	82	35
General Assistance, Training	80	67	38	37	28
Manuals	7	4	2	3	4
Fund Requests	177	139	142	132	182
Contact Us Inquiry	0	19	40	70	61
Constituent/Client Contact**	1,779	1,517	2,415	2,730	2,178
UAN Monitoring	14	20	18	26	33
Dissolution/Merger Assistance	1	3	1	3	3
<b>TOTAL</b>	<b>2,598</b>	<b>2,271</b>	<b>3,136</b>	<b>3,420</b>	<b>2,881</b>

\*In fiscal year 2022, additional programs implemented for UAN Reconciliation Alerts, FHI Alerts, and 4 Free Hours consultation.

\*\*In fiscal year 2024, Contact Us inquiries are included Constituent/Client Contact

N/A — Started tracking information in fiscal year identified

Source: Local Government Services, Auditor of State of Ohio

<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
55	54	56	61	62
164	166	168	166	168
24	21	23	20	21
50	62	51	55	57
60	59	54	67	73
25	18	12	22	13
27	28	28	19	21
18	7	18	7	10
5	5	4	4	4
167	157	123	107	169
90	196	110	N/A	N/A
2,055	1,612	866	N/A	N/A
25	26	25	26	25
N/A	N/A	N/A	N/A	N/A
<b>2,765</b>	<b>2,411</b>	<b>1,538</b>	<b>554</b>	<b>623</b>

**Schedule 7: Number of Employees by Division, Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>									
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Administration	48	46	48	52	45	44	44	45	44	37
Audit	538	532	539	546	558	553	577	578	569	593
Information Technology	52	51	51	49	54	53	52	54	53	51
Legal	10	10	10	7	9	6	7	6	7	10
Local Government Services	49	46	47	45	48	50	49	50	52	51
Ohio Performance Team	38	34	37	31	32	30	30	31	34	37
Special Investigations Unit*	41	32	30	31	27	27	28	24	24	17
<b>TOTAL</b>	<b><u>776</u></b>	<b><u>751</u></b>	<b><u>762</u></b>	<b><u>761</u></b>	<b><u>773</u></b>	<b><u>763</u></b>	<b><u>787</u></b>	<b><u>788</u></b>	<b><u>783</u></b>	<b><u>796</u></b>

Table includes permanent full-time and part-time employees, excluding college interns.

\*Reported as Fraud and Investigative Audits prior to FY 2019.

Source: Auditor of State of Ohio/HR



## Schedule 8: Audit Regions Directory

<b>Central</b>	<b>Stacie Scholl, CPA, Chief Auditor</b>
	65 East State Street, Suite 1400 Columbus, OH 43215 <i>Counties served:</i> Ashland, Crawford, Delaware, Fairfield, Franklin, Holmes, Knox, Licking, Madison, Marion, Morrow, Pickaway, Richland, Union, Wayne
	Phone: 614-466-3402 or 800-443-9275 Fax: 866-486-0007
<b>East</b>	<b>Joey Jones, CPA, Chief Auditor</b>
	Conference Center, Suite 154 6000 Frank Ave. NW North Canton, OH 44720 <i>Counties served:</i> Carroll, Columbiana, Jefferson, Mahoning, Portage, Stark, Summit, Trumbull
	Phone: 330-438-0617 or 800-443-9272 Fax: 866-238-0092
<b>Northeast</b>	<b>Allen Allred, CPA, CFE, Chief Auditor</b>
	Lausche Bldg, 12th Floor 615 Superior Ave., NW Cleveland, OH 44113 <i>Counties served:</i> Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina
	Phone: 216-787-3665 or 800-626-2297 Fax: 866-486-0003
<b>Northwest</b>	<b>Jonathan Lawless, CFE, Chief Auditor</b>
	One Government Center Room 1420 Toledo, OH 43604-2246 <i>Counties served:</i> Defiance, Erie, Fulton, Hancock, Henry, Huron, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Williams, Wood, Wyandot
	Phone: 419-245-2811 or 800-443-9276 Fax: 866-486-0002
<b>Southeast</b>	<b>Denise Blair, CPA, Chief Auditor</b>
	9711 E. Pike Rd., Suite 100 Cambridge, OH 43725 <i>Counties served:</i> Athens, Belmont, Coshocton, Gallia, Guernsey, Harrison, Hocking, Jackson, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, Vinton, Washington
	Phone: 740-594-3300 or 800-441-1389 Fax: 866-486-0006
<b>Southwest</b>	<b>Cristal Jones, CPA, Chief Auditor</b>
	10653 Techwoods Circle Blue Ash, OH 45242 <i>Counties served:</i> Adams, Brown, Butler, Clermont, Clinton, Fayette, Hamilton, Highland, Lawrence, Pike, Ross, Scioto, Warren
	Phone: 513-361-8550 or 800-368-7419 Fax: 866-381-0094
<b>State</b>	<b>Jacqueline McKee, Chief Auditor</b>
	65 East State Street, Suite 1400 Columbus, OH 43215
	Phone: 614-466-3402 or 800-443-9275 Fax: 866-486-0007
<b>West</b>	<b>Donna K. Waldron, CPA, CFE, MBA, Chief Auditor</b>
	3640 Colonel Glenn Highway Rooms 111 & 113 Dayton, OH 45435 <i>Counties served:</i> Allen, Auglaize, Champaign, Clark, Darke, Greene, Hardin, Logan, Mercer, Miami, Montgomery, Preble, Shelby, Van Wert
	Phone: 937-285-6677 or 800-443-9274 Fax: 866-486-0010

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This report was prepared by the Finance Department and Local Government Services.

Special thanks to the following staff for their contributions:

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**Annual Comprehensive Financial Report**  
For the Fiscal Year Ended June 30, 2024



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