CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
CLERMONT COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Education
Clermont County Educational Service Center
2400 Clermont Center Drive, Suite 100
Batavia, Ohio 45103

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 11, 2025

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Clermont County Educational Service Center
Clermont County
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For the Fiscal Year Ended June 30, 2024

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Education
Clermont County Educational Service Center
2400 Clermont Center Drive
Batavia, Ohio 45103

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements for the fiscal year ended June 30, 2024, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the Center's proportionate share of the net pension liability, the schedules of the Center's proportionate share of the net OPEB liability (asset), and the schedules of Center contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The budgetary comparison information and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 17, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The Center's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2024 by $6,147,418.

- The Center's net position of governmental activities increased $1,266,026.

- General revenues accounted for $625,798 in revenue or 2.8 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $21,568,522 or 97.2 percent of total revenues of $22,194,320.

- The Center had $20,928,294 in expenses related to governmental activities; all of these expenses were offset by program specific charges for services and sales and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the Center as a whole and present a longer-term view of the Center's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CENTER AS A WHOLE

The analysis of the Center as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the Center is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflow of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Center's net position and changes to net position. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Position and the Statement of Activities, the Center has only one kind of activity.

- Governmental Activities. All of the Center's programs and services are reported here including instruction and support services.

REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Center's funds begins on page 9. Fund financial statements provide detailed information about the Center's major fund – not the Center as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Center's major fund is the General Fund.

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

THE CENTER AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2024 compared to 2023.

Table 1
Net Position
Governmental Activities

	2024	2023
Assets:		
Current and Other Assets	$ 13,922,091	$ 13,388,823
Net OPEB Asset	1,246,052	1,677,469
Capital Assets, Net	335,773	400,436
Total Assets	15,503,916	15,466,728
Deferred Outflows of Resources:		
Pensions	3,781,144	4,484,117
OPEB	779,862	503,572
Total Deferred Outflows of Resources	4,561,006	4,987,689
Liabilities:		
Current and Other Liabilities	1,813,286	1,480,750
Long-Term Liabilities:		
Due Within One Year	178,342	164,116
Due in More than One Year:		
Net Pension Liabilities	18,065,371	18,871,937
Net OPEB Liabilities	1,291,260	1,182,891
Other Amounts	554,375	645,027
Total Liabilities	21,902,634	22,344,721
Deferred Inflows of Resources		
Pensions	1,839,066	2,451,612
OPEB	2,470,640	3,071,528
Total Deferred Inflows of Resources	4,309,706	5,523,140
Net Position:		
Net Investment in Capital Assets	207,884	136,441
Restricted	123,170	142,156
Unrestricted	(6,478,472)	(7,692,041)
Total Net Position	$ (6,147,418)	$ (7,413,444)

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the Center'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 Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total net position of the Center increased $1,266,026. The increase to current and other assets is primarily due to increases in cash as well as lesser increases in accounts receivable and intergovernmental receivable. The increase in cash is due to higher revenues received than expenses paid. Capital assets, net decreased due to depreciation which was partially offset by current year additions. Deferred outflows of resources decreased primarily due to pension activity. Current and other liabilities increased due to increases in accrued wages and benefits and intergovernmental payables. Long-term liabilities decreased primarily due to net pension liabilities decreasing due to actuarial calculations. Deferred inflows of resources decreased due primarily to pension and OPEB activity.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2024 and 2023.

Table 2
Changes in Net Position
Governmental Activities

	2024	2023
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 18,882,359	$ 18,141,529
Operating Grants and Contributions	2,686,163	1,582,189
Total Program Revenues	21,568,522	19,723,718
General Revenues:		
Gifts and Donations not Restricted	-	14,895
Investment Earnings	590,413	390,552
Miscellaneous	35,385	25,022
Total General Revenues	625,798	430,469
Total Revenues	22,194,320	20,154,187
Program Expenses		
Instruction:		
Regular	3,145	17,142
Special	6,810,934	5,933,031
Support Services:		
Pupils	11,598,430	9,999,023
Instructional Staff	1,267,510	795,002
Board of Education	310,289	209,734
Administration	494,339	499,329
Fiscal	328,566	263,107
Central	80,697	65,930
Interest and Fiscal Charges	7,451	17,238
Operation of Non-Instructional Services	26,933	28,397
Total Expenses	20,928,294	17,827,933
Change in Net Position	1,266,026	2,326,254
Net Position at Beginning of Year	(7,413,444)	(9,739,698)
Net Position at End of Year	$ (6,147,418)	$ (7,413,444)

Charges for Services revenue increased from 2023 to 2024 as the Center provided additional services to member schools during fiscal year 2024. Operating grants and contributions increased primarily due to increases in the ESSER extended learning and recovery grant program and the resource coordinator grant program in fiscal year 2024. Expenses increased from 2023 to 2024 as the Center provided additional services to member schools during fiscal year 2024 and also due to pension and OPEB expense changes due to actuarial calculations.

Governmental Activities

Charges for services and sales comprised 85.1 percent of revenue for governmental activities of the Center for fiscal year 2024, while general revenues comprised 2.8 percent of total revenues.

As indicated by governmental program expenses, instruction and support services for the benefit of the pupils are emphasized. Special instruction comprised 33 percent of governmental program expenses with support services for pupils comprising 55 percent of governmental expenses and support services for instructional staff comprising 6 percent of government expenses.

The Statement of Activities shows the cost of program services and the charges for services and sales and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 6,814,079	$ (747,520)	$ 5,950,173	$ (1,127,602)
Support Services	14,079,831	111,382	11,832,125	(771,839)
Operation of Non-Instructional Services	26,933	(11,541)	28,397	(13,582)
Interest and Fiscal Charges	7,451	7,451	17,238	17,238
Total Expenses	$ 20,928,294	$ (640,228)	$ 17,827,933	$ (1,895,785)

THE CENTER'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $22,095,114 and expenditures of $22,004,408. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund increased in the amount of $31,036 as a result of revenues exceeding expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the Center had $335,773 invested in its capital assets. Table 4 shows the fiscal year 2024 balances compared to 2023.

Table 4
Capital Assets
(Net of Accumulated Depreciation)
Governmental Activities

	2024	2023
Furniture and Equipment	$87,754	$33,536
Leased Assets	248,019	366,900
Totals	$335,773	$400,436

Changes in capital assets from the prior year resulted from the additions of furniture and equipment and depreciation expense. See Note 4 of the notes to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2024, the Center did not have any outstanding debt obligations. For information regarding other long-term obligations, please see Note 5 of the notes to the basic financial statements.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's financial condition and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Al Fleckinger, Treasurer, Clermont County Educational Service Center, 2400 Clermont Center Drive, Suite 100, Batavia, Ohio 45103.

Clermont County Educational Service Center
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	$ 12,413,743
Accounts Receivable	1,148,001
Intergovernmental Receivable	130,972
Prepaid Items	229,375
Noncurrent Assets:	
Net OPEB Asset	1,246,052
Depreciable Capital Assets, net	335,773
Total Assets	15,503,916
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	3,065,058
School Employees Retirement System	716,086
OPEB:	
State Teachers Retirement System	193,747
School Employees Retirement System	586,115
Total Deferred Outflows of Resources	4,561,006
LIABILITIES:	
Current Liabilities:	
Accrued Wages and Benefits	1,482,926
Intergovernmental Payable	330,360
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	178,342
Due in More Than One Year	
Net Pension Liability	18,065,371
Net OPEB Liability	1,291,260
Other Amounts Due in More Than One Year	554,375
Total Liabilities	21,902,634
DEFERRED INFLOWS OF RESOURCES	
Pensions:	
State Teachers Retirement System	1,413,937
School Employees Retirement System	425,129
OPEB:	
State Teachers Retirement System	1,040,822
School Employees Retirement System	1,429,818
Total Deferred Inflows of Resources	4,309,706
NET POSITION:	
Net Investment in Capital Assets	207,884
Restricted for Other Purposes	123,170
Unrestricted	(6,478,472)
Total Net Position	$ (6,147,418)

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Statement of Activities
For the Fiscal Year Ended June 30, 2024

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 3,145	$ 3,134	$ -	$ (11)
Special	6,810,934	6,267,470	1,290,995	747,531
Support Services:				
Pupils	11,598,430	10,834,374	768,374	4,318
Instructional Staff	1,267,510	671,106	592,532	(3,872)
Board of Education	310,289	201,538	-	(108,751)
Administration	494,339	492,652	-	(1,687)
Fiscal	328,566	327,445	-	(1,121)
Central	80,697	78,431	1,997	(269)
Operation of Non-Instructional Services	26,933	6,209	32,265	11,541
Interest and Fiscal Charges	7,451	-	-	(7,451)
Total Governmental Activities	$ 20,928,294	$ 18,882,359	$ 2,686,163	640,228
	General Revenues:			
	Investment Earnings			590,413
	Miscellaneous			35,385
	Total General Revenues			625,798
	Change in Net Position			1,266,026
	Net Position Beginning of Year			(7,413,444)
	Net Position End of Year			$ (6,147,418)

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash, Cash Equivalents and Investments	$ 12,322,260	$ 91,483	$ 12,413,743
Accounts Receivable	1,148,001	-	1,148,001
Prepaid Items	229,375	-	229,375
Interfund Receivable	58,383	-	58,383
Intergovernmental Receivable	-	130,972	130,972
Total Assets	$ 13,758,019	$ 222,455	$ 13,980,474
LIABILITIES:			
Accrued Wages and Benefits	$ 1,445,249	$ 37,677	$ 1,482,926
Interfund Payable	-	58,383	58,383
Intergovernmental Payable	327,135	3,225	330,360
Total Liabilities	1,772,384	99,285	1,871,669
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Charges for Services	99,190	-	99,190
Unavailable Revenue - Grants	-	16	16
Total Deferred Inflows of Resources	99,190	16	99,206
FUND BALANCES:			
Nonspendable	229,375	-	229,375
Restricted	-	123,170	123,170
Committed	496,404	-	496,404
Assigned	81,780	-	81,780
Unassigned (Deficit)	11,078,886	(16)	11,078,870
Total Fund Balances	11,886,445	123,154	12,009,599
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 13,758,019	$ 222,455	$ 13,980,474

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024

Total Governmental Fund Balances		$ 12,009,599
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		335,773
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Charges for Services and Sales		99,190
Intergovernmental		16
The net pension and OPEB liabilities (assets) are not due and payable in the current period; therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	3,781,144	
Deferred outflows of resources related to OPEB	779,862	
Deferred inflows of resources related to pensions	(1,839,066)	
Deferred inflows of resources related to OPEB	(2,470,640)	
Net pension liability	(18,065,371)	
Net OPEB asset	1,246,052	
Net OPEB liability	(1,291,260)	
Total		(17,859,279)
Long-term liabilities, including lease obligations and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Lease obligations		(127,889)
Compensated absences		(604,828)
Net Position of Governmental Activities		$ (6,147,418)

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
Intergovernmental	$ 770,919	$ 1,915,228	$ 2,686,147
Interest	590,413	-	590,413
Tuition and Fees	18,147,971	-	18,147,971
Charges for Services and Sales	628,989	6,209	635,198
Miscellaneous	35,385	-	35,385
Total Revenues	20,173,677	1,921,437	22,095,114
EXPENDITURES:			
Current:			
Instruction:			
Regular	3,145	-	3,145
Special	6,544,602	513,620	7,058,222
Support Services:			
Pupils	11,516,798	726,967	12,243,765
Instructional Staff	716,418	592,250	1,308,668
Board of Education	202,637	-	202,637
Administration	531,788	-	531,788
Fiscal	348,436	-	348,436
Central	81,618	1,997	83,615
Operation of Non-Instructional Services	-	26,933	26,933
Capital Outlay	64,462	-	64,462
Debt Service:			
Principal	125,286	-	125,286
Interest	7,451	-	7,451
Total Expenditures	20,142,641	1,861,767	22,004,408
Net Change in Fund Balances	31,036	59,670	90,706
Fund Balances Beginning of Year	11,855,409	63,484	11,918,893
Fund Balance at End of Year	$ 11,886,445	$ 123,154	$ 12,009,599

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 90,706
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital asset additions	64,462	
Current year depreciation	(129,125)	
Total		(64,663)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	16	
Charges for Services and Sales	99,190	
Total		99,206
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,829,105
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		55,117
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,112,966)
In the statement of activities, principal payments on outstanding obligations are recorded as reductions in liabilities, while in the governmental funds these payments are recorded as expenditures		125,286
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense in the statement of activities.		282,275
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase) in Compensated Absences	(48,860)	
Decrease in Accrued Interest Payable	10,820	
Total		(38,040)
Net Change in Net Position of Governmental Activities		$ 1,266,026

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE CENTER AND REPORTING ENTITY

Description of the Entity:

The Center is a Governing Board of an Educational Service Center (the "Center") as defined by Am. Sub. H.B. 117, 121st General Assembly. The Center is an administrative entity providing supervision and certain other services to the local school districts located within Clermont County. It currently operates under an elected Board of Education (5 members) and provides special education to handicapped students. The Center has its own fiscal officer and is considered a separate entity and issues its financial statements.

Reporting Entity:

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

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations for which the Center approves the budget, the issuance of debt or levying of taxes. As of June 30, 2024, the Center had no component units.

The Center is associated with three jointly governed organizations, one public entity risk pool, and one insurance purchasing pool. These organizations are discussed in Note 10, Note 11, and Note 12 to the basic financial statements. These organizations are:

Jointly Governed Organization:
- Hamilton Clermont Cooperative Information Technology Center (HCC)
- Unified Purchasing Cooperative of the Ohio River Valley
- Center for Collaborative Solutions

Public Entity Shared Risk Pool:
- Southwestern Ohio Educational Purchasing Council (SOEPC)

Insurance Purchasing Pool:
- Ohio SchoolComp Workers' Compensation Group Retrospective Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Accounting

The Center uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Center functions or activities.

The Center's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Center functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Fund Types:

Governmental funds are those through which all governmental functions of the Center are financed. The acquisition, use, and balances of the Center's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The following is the Center's major governmental fund:

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

The other governmental funds of the Center account for grants and other resources, and capital projects, whose use is restricted to a particular purpose.

B. Basis of Presentation

The Center's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of governmental activities of the Center at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows/outflows of resources associated with the operation of the Center are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

Basis of Accounting **-** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting for governmental funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred outflows/inflows related to pensions/OPEB, and the recording of net pension/OPEB liabilities (asset).

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

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The modified accrual basis is utilized for reporting purposes by the governmental fund types. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: interest, grants, tuition and fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Deferred Inflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The Center reports a deferred outflow of resources for pensions/OPEB. The deferred outflows of resources related to the pensions and OPEB are explained in Note 6 and 7, respectively. The Center also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the Center these amounts normally would consist of intergovernmental receivables which are not collected in the available period and pensions/OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet for 2024 is due to pensions, OPEB and also for unavailable grant revenue. Deferred inflows of resources related to pensions and OPEB are reported on the Statement of Net Position.

D. Cash, Cash Equivalents, and Investments

To improve cash management, the Center maintains a cash and investment pool used by all funds. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents, and Investments" on the financial statements.

During fiscal year 2024, investments were limited to STAR Ohio. Except for nonparticipating investment contracts, investments are recorded at fair value that is based upon quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Governing Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2024 amounted to $590,413.

E. Capital Assets and Depreciation

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of $2,000. The Center does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Within the capital asset category, the Center is also reporting certain leased assets in accordance with the implementation of GASB 87 as more fully described in Note 8. All reported capital assets and leased assets are depreciated and/or amortized. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture and Equipment	5-10 years
Leased Assets	3 years

F. Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the funding is available.

G. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. During the course of normal operations the Center had transactions between funds. The most significant include routine transfers of resources, from one fund to another fund, through which resources to be expended are recorded as transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transfers within governmental activities are eliminated in the statement of activities.

Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

The Center did not report any transfers for 2024.

H. Compensated Absences

GASB Statement No. 16, "Accounting for Compensated Absences", specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's right to receive compensation is attributable to services already rendered.

2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payments.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records all liability for accumulated unused sick leave for classified employees after 20 years of current service with the Center and for certified employees and administrators after 20 years of service.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

The Center reported no matured compensated absences payable as of June 30, 2024.

I. Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities, once incurred, that are paid in full and in a timely manner from current financial resources, are reported as obligations of the funds. However, special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. The Center had long-term obligations at June 30, 2024 as disclosed in Note 5.

J. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

As of June 30, 2024, there was no amount of net position restricted by enabling legislation.

K. Fund Balance

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Center Board.

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

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

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Interfund Receivables/Payables

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

N. Prepaid Items

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

O. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - DEPOSITS AND INVESTMENTS

The Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as “Equity in Pooled Cash, Cash Equivalents and Investments.” State statutes classify monies held by the Center into three categories.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

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

7. The State Treasurer's investment pool (STAR Ohio);

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $1,899,310 of the Center's bank balance of $2,316,765 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the Federal Deposit Insurance Corporation.

The Center does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments The Center had the following investments at June 30, 2024:

	Fair Value	Matures in Less than One Year
STAR Ohio	$ 10,702,868	$ 10,702,868

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Center's recurring fair value measurements as of June 30, 2024. As discussed further in Note 2D, STAR Ohio is reported at its share price.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Center manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center's investment policy does not address credit risk beyond the requirements of state law. The Center limits their investments to STAR Ohio. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Center's investment policy allows investments in STAR Ohio, repurchase agreements, certificates of deposit, U.S. Treasury and Agency Securities, or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The Center's investment policy does not address concentration of credit risk beyond the requirements of the Ohio Revised Code. The Center has invested 100 percent in STAR Ohio.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center's investment policy does not address custodial credit risk beyond the requirements of state law. All of the Center's securities are either insured and registered in the name of the Center or at least registered in the name of the Center.

NOTE 4 - CAPITAL ASSETS

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

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities:				
Capital Assets Being Depreciated				
Leased Assets	$ 506,291	$ -	$ -	$ 506,291
Furniture and Equipment	265,851	64,462	0	330,313
Total Capital Assets, Being Depreciated	772,142	64,462	0	836,604
Less Accumulated Depreciation and Amortization:				
Leased Assets	(139,391)	(118,881)	0	(258,272)
Furniture and Equipment	(232,315)	(10,244)	0	(242,559)
Total Accumulated Depreciation	(371,706)	(129,125)	0	(500,831)
Total Capital Assets Being Depreciated, Net	400,436	(64,663)	0	335,773
Governmental Activities Capital Assets, Net	$ 400,436	$ (64,663)	$ -	$ 335,773

Depreciation expense of $10,244 and amortization expense or $118,881 was charged to governmental functions as follows:

Special Instruction	$ 8,387
Support Services:	
Board of Education	118,881
Instructional Staff	1,857
Total Expenses	$ 129,125

NOTE 5 - LONG-TERM LIABILITIES

The changes in the Center's long-term liabilities during fiscal year 2024 were as follows:

	Balance at 6/30/2023	Increase	Decrease	Balance at 6/30/2024		Amount Due In One Year
Net Pension Liability						
STRS	$ 14,401,523	$ -	$ 604,317	$ 13,797,206		$ -
SERS	4,470,414	-	202,249	4,268,165		-
Total Net Pension Liability	18,871,937	-	806,566	18,065,371		-
Net OPEB Liability						
STRS	$ -	$ -	$ -	$ -	*	$ -
SERS	1,182,891	108,369	-	1,291,260		-
Total Net OPEB Liability	1,182,891	108,369	-	1,291,260		-
Lease Obligations	253,175	-	125,286	127,889		127,889
Compensated Absences	555,968	1,593,985	1,545,125	604,828		50,453
Total Long-Term Liabilities	$ 20,863,971	$ 1,702,354	$ 2,476,977	$ 20,089,348		$ 178,342

*OPEB for STRS has a Net OPEB asset in the amount of $1,246,052 as of June 30, 2024.

Compensated absences will be paid from the fund from which the employees' salaries are paid with the General Fund being the most significant fund.

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

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

Fiscal Year	Principal	Interest	Total
2025	$127,889	$3,836	$131,725

NOTE 6 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center's contractually required contribution to SERS was $466,917 for fiscal year 2024. Of this amount $44,128 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

The Center's contractually required contribution to STRS Ohio was $1,362,188 for fiscal year 2024. Of this amount $220,672 is reported as an intergovernmental payable.

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

The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0772447%	0.064068940%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0826511%	0.064783810%	
Change in Proportionate Share	-0.0054064%	-0.000714870%	
Proportion of the Net Pension Liability	$4,268,165	$13,797,206	$18,065,371
Pension Expense (Gain)	$244,620	$868,346	$1,112,966

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$183,456	$503,017	$686,473
Difference from a change in proportion and differences between Center contributions and proportionate share of contributions	35,480	63,578	99,058
Changes of assumptions	30,233	1,136,275	1,166,508
Center contributions subsequent to the measurement date	466,917	1,362,188	1,829,105
Total	$716,086	$3,065,058	$3,781,144

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$0	$30,617	$30,617
Differences between projected and actual investment earnings	59,993	41,351	101,344
Changes of assumptions	-	855,288	855,288
Difference from a change in proportion and differences between Center contributions and proportionate share of contributions	365,136	486,681	851,817
Total	$425,129	$1,413,937	$1,839,066

$1,829,105 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	($162,563)	($322,568)	($485,131)
2026	(238,588)	(626,048)	(864,636)
2027	222,013	1,340,990	1,563,003
2028	3,178	(103,441)	(100,263)
Total	($175,960)	$288,933	$112,973

Actuarial Assumptions - SERS

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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

	June 30, 2023	June 30, 2022
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for both 2023 and 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$6,299,567	$4,268,165	$2,557,075

Changes in Benefit Terms and Assumptions since the prior measurement date There were no changes in benefit terms. The cost-of-living adjustments was increased from 2.00% to 2.50% for calendar year 2024.

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50 percent	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on age	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

For 2023 and 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$21,217,050	$13,797,206	$7,522,049

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

NOTE 7 – DEFINED BENEFIT OPEB PLANS

See Note 6 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Center's surcharge obligation was $55,117. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund.

The Center's contractually required contribution to SERS was $55,117 for fiscal year 2024.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

State Teachers Retirement System of Ohio (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Net Other Post Employment Benefit (OPEB) (Asset) Liability

The net OPEB (asset) liability was measured as of June 30, 2023 and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB (asset) liability was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	SERS	STRS	Total
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0783796%	0.064068940%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	0.0842509%	0.064783810%	
Change in Proportionate Share	-0.0058713%	-0.000714870%	
Proportion of the Net OPEB Liability	$1,291,260	$0	$1,291,260
Proportion of the Net OPEB (Asset)	$0	($1,246,052)	($1,246,052)
OPEB Expense (Gain)	($188,710)	($93,565)	($282,275)

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) (Asset) Liability (continued)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$2,690	$1,943	$4,633
Difference from a change in proportion and differences between Center contributions and proportionate share of contributions	81,687	6,018	87,705
Changes of assumptions	436,613	183,562	620,175
Differences between projected and actual investment earnings	10,008	2,224	12,232
Center contributions subsequent to the measurement date	55,117	-	55,117
Total	$586,115	$193,747	$779,862

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$665,951	$190,054	$856,005
Changes of assumptions	366,731	822,127	1,188,858
Difference from a change in proportion and differences between Center contributions and proportionate share of contributions	397,136	28,641	425,777
Total	$1,429,818	$1,040,822	$2,470,640

$55,117 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	($257,542)	($390,058)	($647,600)
2026	(234,975)	(169,660)	(404,635)
2027	(144,044)	(63,275)	(207,319)
2028	(92,255)	(85,927)	(178,182)
2029	(83,920)	(78,614)	(162,534)
Thereafter	(86,084)	(59,541)	(145,625)
Total	($898,820)	($847,075)	($1,745,895)

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2023	June 30, 2022
Inflation		
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2048	2044
Municipal Bond Index Rate:		
Measurement Date	3.86 percent	3.69 percent
Prior Measurement Date	3.69 percent	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.27 percent	4.08 percent
Prior Measurement Date	4.08 percent	2.27 percent
Health Care Cost Trend Rate	6.75 percent to 4.40 percent	7.00 percent to 4.40 percent

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

The following information in this paragraph is applicable to both 2023 and 2022. Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability at June 30, 2023 was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Center's proportionate share of the net OPEB liability	$1,650,601	$1,291,260	$1,007,907

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Center's proportionate share of the net OPEB liability	$948,645	$1,291,260	$1,745,274

Assumption and Benefit Term Changes Since the Prior Measurement Date The discount rate was changed from 4.08% to 4.27%. Healthcare trends were updated to reflect emerging claims and recoveries experience. Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation and the June 30, 2022 actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

For 2023 and 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Center's proportionate share of the net OPEB (asset) liability	($1,054,620)	($1,246,052)	($1,412,769)

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
Center's proportionate share of the net OPEB (asset) liability	($1,420,506)	($1,246,052)	($1,035,926)

Assumption and Benefit Term Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation. Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

NOTE 8 – LEASES

During fiscal year 2023, the Center entered into a lease agreement with Clermont County to lease space. The lease agreement was effective July 1, 2022 and ends on the 30th day of June 2023; however, the Center has the option to renew the lease for three subsequent one year terms running July 1, 2023 through June 30, 2026. The lease meets the criteria for reporting under GASB Statement No. 87 and the leased asset and corresponding liability is recorded in the accompanying financial statements of the Center.

The Center's lease agreement with Clermont Northeastern Local School District to lease space ran through June 30, 2023. The new lease agreement effective July 1, 2023 doesn't qualify for reporting as a long term lease due to both the lessor and the lessee having the option to cancel the lease within each of the 12 month renewal periods.

The Center's lease agreement with Child Focus, Inc. to lease space was effective August 1, 2022, with two one-year renewals; however, this lease doesn't qualify for reporting as a long term lease due to both the lessor and the lessee having the option to cancel the lease within each of the 12 month renewal periods.

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NOTE 9- RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the Center contracted with Governmental Underwriters of America for property, general liability, vehicle, and public officials' bonding.

Property ($1,000 deductible)	$681,644
Automobile liability ($500 comprehensive deductible and $500 collision deductible)	1,000,000
General liability:	
Per occurrence	1,000,000
Annual Aggregate	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2024, the Center participated in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Plan (Plan), an insurance purchasing pool (Note 12). The intent of the Plan is to reward participants that are able to keep their claims cost low. Members will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2024 Plan, the evaluation periods will be January 2024 and January 2025. Refunds of assessments will be calculated by the Ohio BWC, based on the pro-rata share of the members' individual premium compared to the overall Plan premium.

Participation in the Group Retrospective Rating Plan is limited to those that can meet the programs selection criteria. The firm of Compmanagement, Inc. provides administrative, cost control and actuarial services to the Plan.

The Center is a member of the Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust, which is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 10 - JOINTLY GOVERNED ORGANIZATION

Hamilton Clermont Cooperative Information Technology Center - The Hamilton Clermont Cooperative Information Technology Center (HCC) is a jointly governed organization among a two-county consortium of school districts. HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The executive committee is the managerial body responsible for directing and supervising the daily operation of HCC. The executive committee is composed of up to 12 members; two superintendents from each county, the superintendent from each county educational service center (ESC), one treasurer from each county, and the treasurer from each county ESC serving as on-voting ex officio members. The Center paid HCC $104,840 for services provided during the year. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

The Unified Purchasing Cooperative of the Ohio River Valley (UPC) is a purchasing cooperative made up of 53 public school districts and three joint vocational school districts in Brown, Butler, Clermont and Hamilton Counties in Ohio, as well as districts in Kentucky and Indiana. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the UPC.

NOTE 10 - JOINTLY GOVERNED ORGANIZATION (continued)

The Board of Directors is elected from among the active members and consists of one representative each from Brown, Butler, Clermont and Hamilton Counties, as well as one representative from Kentucky, one from Indiana, and one at-large representative from a public school district with an enrollment greater than 5,000 students. In addition, the superintendents of the Hamilton County Educational Service Center and the Clermont County Educational Service Center also serve on the Board of Directors. The Hamilton County Educational Service Center serves as fiscal agent. Financial information can be obtained from Megan Jackson, Treasurer, Hamilton County Educational Service Center, at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

The Center for Collaborative Solutions, A Regional Council of Governments (the "COG"), is a body Corporate and Politic established pursuant to Ohio Revised Code Chapter 167, by agreement of its members. The COG is a collaborative between Hamilton County Educational Service Center and Clermont County Educational Service Center. The COG is currently providing services for thirty-member school districts and other entities in Hamilton County and Clermont County, principally providing substitute teachers and substitute classified personnel. Hamilton County Educational Service Center acts as a fiscal officer for the COG. The governing authority of The Center for Collaborative Solutions (COG) is the COG Board, which is comprised of two superintendents, two board members and one treasurer. All members are from The Hamilton County ESC and Clermont County ESC. The Officer positions of the COG Board are President, Vice-President and Secretary. Currently, the Clermont County ESC Superintendent is appointed President and the Hamilton County ESC Superintendent is appointed Vice President. The ESCs rotate those positions as determined by the COG Board. All other officers serve until his/her successor is appointed.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOL

The Center participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 132 school districts and educational service centers in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Payments to the SOEPC are made from the General and State Grant Funds. Starting in fiscal year 2018, SOEPC starting waiving the membership dues. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208,Vandalia, Ohio 45377.

NOTE 12 - INSURANCE PURCHASING POOL

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Plan - The Center participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan's business and affairs are conducted by Compmanagement. Each year, the participating members pay an enrollment fee to Compmanagement to cover the costs of administering the program.

NOTE 13 - CONTINGENCIES

A. Grants

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2024, if applicable, cannot be determined at this time.

B. Litigation

The Center is not party to any legal proceedings.

NOTE 14 - RECEIVABLES

Receivables at June 30, 2024, consisted of accounts (rent, billings for user charged services, and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Non-major Funds	
ESSER Grant	$ 6,784
Miscellaneous Federal Grants	$ 116,768
Intern Psychology Grant	7,420
Total All Funds	$ 130,972

NOTE 15 – NEW ACCOUNTING PRINCIPLES

For fiscal year 2024, the Center has implemented GASB Statement No. 100, "*Accounting Changes and Error Corrections*", certain questions and answers of GASB Implementation Guide 2023-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

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

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

NOTE 16 – ACCOUNTABILITY

At June 30, 2024, the Intern Psychology Grant Revenue Fund had a deficit fund balances of $16. Also, the Miscellaneous Federal Grant Fund had a deficit fund balance of $78,360. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 17 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General Fund	All Other Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid	$ 229,375	$ -	$ 229,375
Restricted for			
Other Purposes	-	123,170	123,170
Total Restricted	-	123,170	123,170
Committed to			
Termination Benefits	496,404	-	496,404
Assigned to			
Other Purposes	81,780	-	81,780
Unassigned	11,078,886	(16)	11,078,870
Total Fund Balances	$ 11,886,445	$ 123,154	$ 12,009,599

NOTE 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended May of 2023. During fiscal year 2024, the Center received COVID-19 funding. The financial impact of COVID-19 and the emergency measures may impact subsequent periods of the Center. The impact on the Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 19 - INTERFUND ACTIVITY

As of June 30, 2024, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payables
Major Fund:		
General Fund	$ 58,383	$ -
Non-Major Fund:		
Miscellaneous Federal Grants	-	58,383
Total Non-Major Fund	-	58,383
Total All Funds	$ 58,383	$ 58,383

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Center's proportion of the net pension liability	0.0772447%	0.0826511%	0.0904390%	0.0878804%	0.0945739%	0.0974934%	0.0931993%	0.0976005%	0.1041571%	0.1229210%
Center's proportionate share of the net pension liability	$ 4,268,165	$ 4,470,414	$ 3,336,937	$ 5,812,595	$ 5,658,522	$ 5,583,628	$ 5,568,452	$ 7,143,456	$ 5,943,305	$ 6,220,962
Center's covered payroll	$ 3,196,593	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107	$ 3,135,577	$ 3,571,840
Center's proportionate share of the net pension liability as a percentage of its covered payroll	133.52%	144.79%	106.89%	188.67%	174.41%	177.96%	178.21%	235.67%	189.54%	174.17%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Amounts presented as of the Center's measurement date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Center's proportion of the net pension liability	0.064068940%	0.064783810%	0.068093229%	0.06736483%	0.06831242%	0.06907657%	0.07295060%	0.07349565%	0.07472646%	0.06913728%
Center's proportionate share of the net pension liability	$ 13,797,206	$ 14,401,523	$ 8,706,331	$ 16,299,892	$ 15,106,881	$ 15,188,387	$ 17,329,571	$ 24,601,209	$ 20,652,208	$ 16,816,579
Center's covered payroll	$ 8,653,686	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157	$ 7,796,457	$ 7,436,677
Center's proportionate share of the net pension liability as a percentage of its covered payroll	159.44%	170.99%	103.62%	200.49%	188.36%	193.41%	203.20%	318.13%	264.89%	226.13%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	78.88%	87.78%	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%

Amounts presented as of the Center's measurement date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 466,917	$ 447,523	$ 432,248	$ 437,041	$ 431,325	$ 438,003	$ 423,580	$ 437,461	$ 424,355	$ 413,269
Contributions in relation to the contractually required contribution	(466,917)	(447,523)	(432,248)	(437,041)	(431,325)	(438,003)	(423,580)	(437,461)	(424,355)	(413,269)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 3,335,121	$ 3,196,593	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107	$ 3,135,577
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,362,188	$ 1,211,516	$ 1,179,109	$ 1,176,316	$ 1,138,183	$ 1,122,820	$ 1,099,398	$ 1,193,984	$ 1,082,642	$ 1,091,504
Contributions in relation to the contractually required contribution	(1,362,188)	(1,211,516)	(1,179,109)	(1,176,316)	(1,138,183)	(1,122,820)	(1,099,398)	(1,193,984)	(1,082,642)	(1,091,504)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center covered payroll	$ 9,729,914	$ 8,653,686	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157	$ 7,796,457
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Eight Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Center's proportion of the net OPEB liability	0.0783796%	0.0842509%	0.0930197%	0.0876956%	0.0969666%	0.0983316%	0.0945523%	0.0987884%
Center's proportionate share of the net OPEB liability	$ 1,291,260	$ 1,182,891	$ 1,760,474	$ 1,905,912	$ 2,438,506	$ 2,727,984	$ 2,537,535	$ 2,815,835
Center's covered payroll	$ 3,196,593	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.39%	38.31%	56.39%	61.86%	75.16%	86.94%	81.21%	92.90%
Plan fiduciary net position as a percentage of the total OPEB liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Eight Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Center's proportion of the net OPEB liability (asset)	0.064068940%	0.064783810%	0.068093229%	0.06736483%	0.06831242%	0.06907657%	0.07295060%	0.07349565%
Center's proportionate share of the net OPEB liability (asset)	$ (1,246,052)	$ (1,677,469)	$ (1,435,690)	$ (1,183,936)	$ (1,131,418)	$ (1,109,990)	$ 2,846,263	$ 3,930,566
Center's covered payroll	$ 8,653,686	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.40%	-19.92%	-17.09%	-14.56%	-14.11%	-14.13%	33.37%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	168.50%	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's OPEB Contributions
School Employees Retirement System of Ohio
Last Nine Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 55,117	$ 51,333	$ 53,688	$ 58,673	$ 39,794	$ 75,621	$ 66,249	$ 51,425	$ 49,477
Contributions in relation to the contractually required contribution	(55,117)	(51,333)	(53,688)	(58,673)	(39,794)	(75,621)	(66,249)	(51,425)	(49,477)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 3,335,121	$ 3,196,593	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107
Contributions as a percentage of covered employee payroll	1.65%	1.61%	1.74%	1.88%	1.29%	2.33%	2.11%	1.65%	1.63%

(1) Information prior to 2016 is not available.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's OPEB Contributions
State Teachers Retirement System of Ohio
Last Nine Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center covered payroll	$ 9,729,914	$ 8,653,686	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See notes to the accompanying required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2023-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2022: For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

2020-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2015-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2024: Cost-of-Living-Adjustments was increased from 2.00% to 2.50% for calendar year 2024.

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

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

2015-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Pension (continued)

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2015-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

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

2023: The following change of assumptions affected the total pension liability since the prior measurement date:

(1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The discount rate of return was reduced from 7.45% to 7.00%,

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2015-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2024: Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

2017 - 2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions

2024 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The municipal bond index rate went from 3.69% to 3.86%
(2) The single equivalent interest rate went from 4.08% to 4.27%
(3) The medical trend assumption decreased from 7.00% to 6.75%

2023 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The municipal bond index rate went from 1.92% to 3.69%
(2) The single equivalent interest rate when from 2.27% to 4.08%

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Wage inflation decreased from 3.00% to 2.40%
(2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
(3) Investment rate of return decreased from 7.50% to 7.00%
(4) The discount rate decreased from 7.50% to 7.00%
(5) Municipal Bond Index Rate:
    Prior Measurement Date 2.45%
    Measurement Date 1.92%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
    Prior Measurement Date 2.63%
    Measurement Date 2.27%
(7) Mortality tables changes from the RP=2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below median Health Retiree mortality table.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.22% to 2.63%
(2) Municipal Bond Index Rate:
    Prior Measurement Date 3.13%
    Measurement Date 2.45%

2020: The discount rate was changed from 3.70% to 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.63% to 3.70%
(2) Municipal Bond Index Rate:
    Prior Measurement Date 3.56%
    Measurement Date 3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
    Prior Measurement Date 3.63%
    Measurement Date 3.70%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Fiscal Year 2018 3.63%
Fiscal Year 2017 2.98%

(2) Municipal Bond Index Rate:
Fiscal Year 2018 3.56%
Fiscal Year 2017 2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Fiscal Year 2018 3.63%
Fiscal Year 2017 2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in benefit terms

2023 - 2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2024: The health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial – 3.94% ultimate to 7.50% initial – 4.14% ultimate; medical Medicare from -68.78% initial – 3.94% ultimate to -10.94% initial – 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial – 3.94% ultimate to -11.95% initial – 4.14% ultimate; Medicare from -5.47% initial – 3.94% ultimate to 1.33% initial – 4.14% ultimate.

2023: The projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50%. The health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

2022: The long-term expected rate of return was reduced from 7.45% to 7.00%. The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year. The health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

2021: The health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in assumptions(continued)

2020: The health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

Clermont County Educational Service Center
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 770,919	$ 770,919
Interest	-	-	590,413	590,413
Tuition and Fees	-	-	18,202,509	18,202,509
Customer Sales and Services	-	-	545,066	545,066
Miscellaneous	-	-	35,385	35,385
Total Revenues	-	-	20,144,292	20,144,292
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,107	3,145	3,145	-
Special	6,530,775	6,611,204	6,611,201	3
Support Services:				
Pupils	11,178,354	11,316,022	11,316,015	7
Instructional Staff	699,851	708,470	708,470	-
Board of Education	218,222	220,909	220,909	-
Administration	528,387	534,894	534,894	-
Fiscal	341,801	346,010	346,010	-
Central	78,581	79,549	79,549	-
Total Expenditures	19,579,078	19,820,203	19,820,193	10
Excess of Revenues Over (Under) Expenditures	(19,579,078)	(19,820,203)	324,099	20,144,302
OTHER FINANCING USES:				
Transfers Out	-	(60,000)	(60,000)	-
Total Other Financing Uses	-	(60,000)	(60,000)	-
Net Change in Fund Balance	(19,579,078)	(19,880,203)	264,099	20,144,302
Fund Balance at Beginning of Year	11,465,458	11,465,458	11,465,458	-
Prior Year Encumbrances Appropriated	72,921	72,921	72,921	-
Fund Balance at End of Year	$ (8,040,699)	$ (8,341,824)	$ 11,802,478	$ 20,144,302

See accompanying notes to the supplemental information.

NOTE 1 – BUDGETARY PROCESS

The Center is no longer required under State statute to file budgetary information with the State Department of Education. However, the Center's Board does follow the budgetary process for control purposes.

The Center's Governing Board does not formally approve a budget for resources estimated to be received during the fiscal year. The Treasurer prepares a budget for revenues for management tracking purposes; however, since it is not formally approved it is not shown in the accompanying budgetary schedule.

The Center's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by the Governing Board. The level of control has been established by the Governing Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds.

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting (GAAP), the budgetary basis is based upon the accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).

4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP statement and budgetary basis schedule for the General Fund.

Net Change in Fund Balance

	General
GAAP Basis	$31,036
Adjustments:	
Revenue Accruals	30,615
Expenditure Accruals	281,216
Prospective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	3,012
Encumbrances	(81,780)
Budget Basis	$264,099

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
CLERMONT COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Pass Through Entity Number**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	N/A	10.553	$ 6,378
National School Lunch Program	N/A	10.555	19,230
Total Child Nutrition Cluster			25,608
Total U.S. Department of Agriculture			25,608
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
COVID-19 Education Stabilization Fund	N/A	84.425U	6,753
COVID-19 Education Stabilization Fund	N/A	84.425U	76,719
COVID-19 Education Stabilization Fund	N/A	84.425U	975,560
COVID-19 Education Stabilization Fund	N/A	84.425C	45,199
Total COVID-19 Education Stabilization Fund			1,104,231
Total U.S. Department of Education			1,104,231
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Clermont County Department of Jobs & Family Services			
Temporary Assistance for Needy Families	N/A	93.558	39,475
Temporary Assistance for Needy Families	N/A	93.558	645,243
Total Temporary Assistance for Needy Families			684,718
Total U.S. Department of Health and Human Services			684,718
Total Expenditures of Federal Awards			$ 1,814,557

N/A - pass through entity number not available.
The accompanying notes are an integral part of this schedule.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
CLERMONT COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Clermont County Educational Service Center
2400 Clermont Center Drive
Batavia, Ohio 45103

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Clermont County Educational Service Center, Clermont County, Ohio (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 17, 2025, wherein we noted that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center.

Report on Internal Control Over Financial Reporting

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

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

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

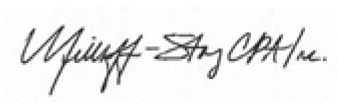
Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Report on Compliance and Other Matters

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

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 17, 2025

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Education
Clermont County Educational Service Center
2400 Clermont Center Drive
Batavia, Ohio 45103

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 17, 2025

Section I – Summary of Auditor's Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		COVID-19 Education Stabilization Fund, AL #84.425C, AL# 84.425U
Dollar threshold used to distinguish between type A and type B programs:		Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Clermont County ESC
2400 Clermont Center Dr., Ste 100
Batavia, OH 45103
513.735.8300
513.586-0370

Schedule of Prior Audit Findings
2 CFR Section 200.511(c)
For the Fiscal Year Ended June 30, 2024

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2023-001	Material Weakness – Financial Reporting	No	Reissued in Management Letter

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
CLERMONT COUNTY
REGULAR AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Clermont County Educational Service Center
Clermont County
Table of Contents
For the Fiscal Year Ended June 30, 2023

Independent Auditor's Report

Board of Education
Clermont County Educational Service Center
2400 Clermont Center Drive
Batavia, Ohio 45103

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Clermont County Educational Service Center, Clermont County, Ohio, as of June 30, 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements for the fiscal year ended June 30, 2023, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the Center's proportionate share of the net pension liability, the schedules of the Center's proportionate share of the net OPEB liability (asset), and the schedules of Center contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 17, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The Center's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by $7,413,444.

- The Center's net position of governmental activities increased $2,326,254.

- General revenues accounted for $430,469 in revenue or 2 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $19,723,718 or 98 percent of total revenues of $20,154,187.

- The Center had $17,827,933 in expenses related to governmental activities; all of these expenses were offset by program specific charges for services and sales and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the Center as a whole and present a longer-term view of the Center's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CENTER AS A WHOLE

The analysis of the Center as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the Center is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflow of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Center's net position and changes to net position. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Position and the Statement of Activities, the Center has only one kind of activity.

- Governmental Activities. All of the Center's programs and services are reported here including instruction and support services.

REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Center's funds begins on page 9. Fund financial statements provide detailed information about the Center's major fund – not the Center as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Center's major fund is the General Fund.

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

THE CENTER AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2023 compared to 2022.

Table 1
Net Position
Governmental Activities

	2023	2022
Assets:		
Current and Other Assets	$ 13,388,823	$ 12,286,106
Net OPEB Asset	1,677,469	1,435,690
Capital Assets, Net	400,436	163,930
Total Assets	15,466,728	13,885,726
Deferred Outflows of Resources:		
Pensions	4,484,117	4,588,995
OPEB	503,572	650,371
Total Deferred Outflows of Resources	4,987,689	5,239,366
Liabilities:		
Current and Other Liabilities	1,480,750	1,729,948
Long-Term Liabilities:		
Due Within One Year	164,116	85,963
Due in More than One Year:		
Net Pension Liabilities	18,871,937	12,043,268
Net OPEB Liabilities	1,182,891	1,760,474
Other Amounts	645,027	518,860
Total Liabilities	22,344,721	16,138,513
Deferred Inflows of Resources		
Pensions	2,451,612	9,759,307
OPEB	3,071,528	2,966,970
Total Deferred Inflows of Resources	5,523,140	12,726,277
Net Position:		
Net Investment in Capital Assets	136,441	110,275
Restricted	142,156	53,885
Unrestricted	(7,692,041)	(9,903,858)
Total Net Position	$ (7,413,444)	$ (9,739,698)

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the Center'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 Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total net position of the Center increased $2,326,254. The increase to current and other assets is primarily due to increases in cash. The increase in cash is due to higher revenues received than expenses paid. Capital assets, net increased due to current year additions which were partially offset by depreciation. Deferred outflows of resources increased primarily due to pension activity. Current and other liabilities decreased due to decreases in accounts payable, accrued wages and benefits, and intergovernmental payables. Long-term liabilities increased primarily due to net pension liabilities and net OPEB liabilities increasing due to actuarial calculations. Deferred inflows of resources decreased due primarily to pension and OPEB activity.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

Table 2
Changes in Net Position
Governmental Activities

	2023	2022
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 18,141,529	$ 17,472,386
Operating Grants and Contributions	1,582,189	885,753
Total Program Revenues	19,723,718	18,358,139
General Revenues:		
Gifts and Donations not Restricted	14,895	-
Investment Earnings	390,552	24,315
Miscellaneous	25,022	39,690
Total General Revenues	430,469	64,005
Total Revenues	20,154,187	18,422,144
Program Expenses		
Instruction:		
Regular	17,142	-
Special	5,933,031	5,270,805
Support Services:		
Pupils	9,999,023	9,265,286
Instructional Staff	795,002	605,608
Board of Education	209,734	272,286
Administration	499,329	332,416
Fiscal	263,107	309,265
Central	65,930	100,340
Interest and Fiscal Charges	17,238	18,901
Operation of Non-Instructional Services	28,397	31,285
Total Expenses	17,827,933	16,206,192
Change in Net Position	2,326,254	2,215,952
Net Position at Beginning of Year	(9,739,698)	(11,955,650)
Net Position at End of Year	$ (7,413,444)	$ (9,739,698)

Charges for Services revenue increased from 2022 to 2023 as the Center provided additional services to member schools during fiscal year 2023. Expenses increased from 2022 to 2023 as the Center provided additional services to member schools during fiscal year 2023 and also due to pension and OPEB expense changes due to actuarial calculations.

Governmental Activities

Charges for services and sales comprised 90 percent of revenue for governmental activities of the Center for fiscal year 2023, while general revenues comprised 2 percent of total revenues.

As indicated by governmental program expenses, instruction and support services for the benefit of the pupils are emphasized. Special instruction comprised 33 percent of governmental program expenses with support services for pupils comprising 56 percent of governmental expenses and support services for instructional staff comprising 4 percent of government expenses.

The Statement of Activities shows the cost of program services and the charges for services and sales and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 5,950,173	$ (1,127,602)	$ 5,270,805	$ (1,163,794)
Support Services	11,832,125	(771,839)	10,885,201	(996,422)
Operation of Non-Instructional Services	28,397	(13,582)	31,285	(10,632)
Interest and Fiscal Charges	17,238	17,238	18,901	18,901
Total Expenses	$ 17,827,933	$ (1,895,785)	$ 16,206,192	$ (2,151,947)

THE CENTER'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $20,519,121 and expenditures of $19,153,114. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund increased in the amount of $1,353,136 as a result of revenues exceeding expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the Center had $400,436 invested in its capital assets. Table 4 shows the fiscal year 2023 balances compared to 2022.

Table 4
Capital Assets
(Net of Accumulated Depreciation)
Governmental Activities

	2023	2022
Leased Assets	$366,900	$125,572
Furn & Equip	$33,536	$38,358
Totals	$400,436	$163,930

Changes in capital assets from the prior year resulted from the additions and disposals of leased assets and depreciation expense. See Note 4 of the notes to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2023, the Center did not have any outstanding debt obligations. For information regarding other long-term obligations, please see Note 5 of the notes to the basic financial statements.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's financial condition and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Al Fleckinger, Treasurer, Clermont County Educational Service Center, 2400 Clermont Center Drive, Suite 100, Batavia, Ohio 45103.

Clermont County Educational Service Center
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	$ 12,062,679
Accounts Receivable	1,019,426
Intergovernmental Receivable	89,544
Prepaid Items	217,174
Noncurrent Assets:	
Net OPEB Asset	1,677,469
Depreciable Capital Assets, net	400,436
Total Assets	15,466,728
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	3,715,813
School Employees Retirement System	768,304
OPEB:	
State Teachers Retirement System	127,874
School Employees Retirement System	375,698
Total Deferred Outflows of Resources	4,987,689
LIABILITIES:	
Current Liabilities:	
Accounts Payable	13,989
Accrued Wages and Benefits	1,146,701
Intergovernmental Payable	309,240
Accrued Interest Payable	10,820
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	164,116
Due in More Than One Year	
Net Pension Liability	18,871,937
Net OPEB Liability	1,182,891
Other Amounts Due in More Than One Year	645,027
Total Liabilities	22,344,721
DEFERRED INFLOWS OF RESOURCES	
Pensions:	
State Teachers Retirement System	1,954,217
School Employees Retirement System	497,395
OPEB:	
State Teachers Retirement System	1,499,931
School Employees Retirement System	1,571,597
Total Deferred Inflows of Resources	5,523,140
NET POSITION:	
Net Investment in Capital Assets	136,441
Restricted for Other Purposes	142,156
Unrestricted	(7,692,041)
Total Net Position	$ (7,413,444)

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 17,142	$ 5,197	$ -	$ (11,945)
Special	5,933,031	6,311,994	760,584	1,139,547
Support Services:				
Pupils	9,999,023	10,233,980	548,546	783,503
Instructional Staff	795,002	605,827	235,365	46,190
Board of Education	209,734	86,984	-	(122,750)
Administration	499,329	541,937	-	42,608
Fiscal	263,107	280,440	-	17,333
Central	65,930	69,085	1,800	4,955
Operation of Non-Instructional Services	28,397	6,085	35,894	13,582
Interest and Fiscal Charges	17,238	-	-	(17,238)
Total Governmental Activities	$ 17,827,933	$ 18,141,529	$ 1,582,189	1,895,785
	General Revenues:			
	Gifts and Donations not Restricted to Specific Programs			14,895
	Investment Earnings			390,552
	Miscellaneous			25,022
	Total General Revenues			430,469
	Change in Net Position			2,326,254
	Net Position Beginning of Year			(9,739,698)
	Net Position End of Year			$ (7,413,444)

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash, Cash Equivalents and Investments	$ 11,995,210	$ 67,469	$ 12,062,679
Accounts Receivable	1,019,426	-	1,019,426
Prepaid Items	217,174	-	217,174
Interfund Receivable	42,579	-	42,579
Intergovernmental Receivable	-	89,544	89,544
Total Assets	$ 13,274,389	$ 157,013	$ 13,431,402
LIABILITIES:			
Accounts Payable	$ 9,898	$ 4,091	$ 13,989
Accrued Wages and Benefits	1,109,694	37,007	1,146,701
Interfund Payable	-	42,579	42,579
Intergovernmental Payable	299,388	9,852	309,240
Total Liabilities	1,418,980	93,529	1,512,509
FUND BALANCES:			
Nonspendable	217,174	-	217,174
Restricted	-	142,156	142,156
Committed	499,416	-	499,416
Assigned	63,023	-	63,023
Unassigned (Deficit)	11,075,796	(78,672)	10,997,124
Total Fund Balances	11,855,409	63,484	11,918,893
Total Liabilities and Fund Balances	$ 13,274,389	$ 157,013	$ 13,431,402

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$ 11,918,893
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		400,436
The net pension and OPEB liabilities (assets) are not due and payable in the current period; therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	4,484,117	
Deferred outflows of resources related to OPEB	503,572	
Deferred inflows of resources related to pensions	(2,451,612)	
Deferred inflows of resources related to OPEB	(3,071,528)	
Net pension liability	(18,871,937)	
Net OPEB asset	1,677,469	
Net OPEB liability	(1,182,891)	
Total		(18,912,810)
Long-term liabilities, including accrued interest, lease obligations and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Lease obligations		(253,175)
Interest Payable		(10,820)
Compensated absences		(555,968)
Net Position of Governmental Activities		$ (7,413,444)

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
Intergovernmental	$ 745,327	$ 840,134	$ 1,585,461
Interest	390,552	-	390,552
Tuition and Fees	17,271,901	-	17,271,901
Gifts and Donations	14,895	-	14,895
Charges for Services and Sales	863,543	6,085	869,628
Miscellaneous	25,022	-	25,022
Total Revenues	19,311,240	846,219	20,157,459
EXPENDITURES:			
Current:			
Instruction:			
Regular	4,771	-	4,771
Special	5,886,191	15,991	5,902,182
Support Services:			
Pupils	10,165,735	553,749	10,719,484
Instructional Staff	604,813	233,411	838,224
Board of Education	81,981	-	81,981
Administration	495,079	-	495,079
Fiscal	337,758	-	337,758
Central	71,732	1,800	73,532
Operation of Non-Instructional Services	-	28,397	28,397
Capital Outlay	492,326	-	492,326
Debt Service:			
Principal	162,142	-	162,142
Interest	17,238	-	17,238
Total Expenditures	18,319,766	833,348	19,153,114
Excess of Revenues Over Expenditures	991,474	12,871	1,004,345
OTHER FINANCING SOURCES:			
Inception of Lease	361,662	-	361,662
Total Other Financing Sources	361,662	-	361,662
Net Change in Fund Balances	1,353,136	12,871	1,366,007
Fund Balances Beginning of Year	10,502,273	50,613	10,552,886
Fund Balance at End of Year	$ 11,855,409	$ 63,484	$ 11,918,893

The notes to the basic financial statements are an integral part of this statement.

Clermont County Educational Service Center
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 1,366,007
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.		
Capital asset additions	492,326	
Current year depreciation	(243,449)	
Total		248,877
Loss on Disposal of Capital assets		(12,371)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(3,272)	
Total		(3,272)
Proceeds from leases in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.		(361,662)
Accrued interest on long-term debt is not recorded as an expenditure in governmental funds		(10,820)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,659,039
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		51,333
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,284,891)
In the statement of activities, principal payments on outstanding obligations are recorded as reductions in liabilities, while in the governmental funds these payments are recorded as expenditures		162,142
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense in the statement of activities.		516,672
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase) in Compensated Absences		(4,800)
Net Change in Net Position of Governmental Activities		$ 2,326,254

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE CENTER AND REPORTING ENTITY

Description of the Entity:

The Center is a Governing Board of an Educational Service Center (the "Center") as defined by Am. Sub. H.B. 117, 121st General Assembly. The Center is an administrative entity providing supervision and certain other services to the local school districts located within Clermont County. It currently operates under an elected Board of Education (5 members) and provides special education to handicapped students. The Center has its own fiscal officer and is considered a separate entity and issues its financial statements.

Reporting Entity:

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

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations for which the Center approves the budget, the issuance of debt or levying of taxes. As of June 30, 2023, the Center had no component units.

The Center is associated with three jointly governed organizations, one public entity risk pool, and one insurance purchasing pool. These organizations are discussed in Note 10, Note 11, and Note 12 to the basic financial statements. These organizations are:

Jointly Governed Organization:
- Hamilton Clermont Cooperative Information Technology Center (HCC)
- Unified Purchasing Cooperative of the Ohio River Valley
- Center for Collaborative Solutions

Public Entity Shared Risk Pool:
- Southwestern Ohio Educational Purchasing Council (SOEPC)

Insurance Purchasing Pool:
- Ohio SchoolComp Workers' Compensation Group Retrospective Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Accounting

The Center uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Center functions or activities.

The Center's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Center functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Fund Types:

Governmental funds are those through which all governmental functions of the Center are financed. The acquisition, use, and balances of the Center's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The following is the Center's major governmental fund:

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

The other governmental funds of the Center account for grants and other resources, and capital projects, whose use is restricted to a particular purpose.

B. Basis of Presentation

The Center's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of governmental activities of the Center at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows/outflows of resources associated with the operation of the Center are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

Basis of Accounting **-** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting for governmental funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred outflows/inflows related to pensions/OPEB, and the recording of net pension/OPEB liabilities (asset).

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

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The modified accrual basis is utilized for reporting purposes by the governmental fund types. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: interest, grants, tuition and fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Deferred Inflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The Center reports a deferred outflow of resources for pensions/OPEB. The deferred outflows of resources related to the pensions and OPEB are explained in Note 6 and 7, respectively. The Center also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the Center these amounts normally would consist of intergovernmental receivables which are not collected in the available period and pensions/OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet for 2023 is due to pensions, OPEB and also for unavailable grant revenue. Deferred inflows of resources related to pensions and OPEB are reported on the Statement of Net Position.

D. Cash, Cash Equivalents, and Investments

To improve cash management, the Center maintains a cash and investment pool used by all funds. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents, and Investments" on the financial statements.

During fiscal year 2023, investments were limited to STAR Ohio. Except for nonparticipating investment contracts, investments are recorded at fair value that is based upon quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Governing Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to $390,552.

E. Capital Assets and Depreciation

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of $2,000. The Center does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Within the capital asset category, the Center is also reporting certain leased assets in accordance with the implementation of GASB 87 as more fully described in Note 8. All reported capital assets and leased assets are depreciated and/or amortized. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture and Equipment	5-10 years
Leased Assets	3 years

F. Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the funding is available.

G. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. During the course of normal operations the Center had transactions between funds. The most significant include routine transfers of resources, from one fund to another fund, through which resources to be expended are recorded as transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transfers within governmental activities are eliminated in the statement of activities.

Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

The Center did not report any transfers for 2023.

H. Compensated Absences

GASB Statement No. 16, "Accounting for Compensated Absences", specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's right to receive compensation is attributable to services already rendered.

2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payments.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records all liability for accumulated unused sick leave for classified employees after 20 years of current service with the Center and for certified employees and administrators after 20 years of service.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

The Center reported no matured compensated absences payable as of June 30,2023.

I. Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities, once incurred, that are paid in full and in a timely manner from current financial resources, are reported as obligations of the funds. However, special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. The Center had long-term obligations at June 30, 2023 as disclosed in Note 5.

J. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

As of June 30, 2023, there was no amount of net position restricted by enabling legislation.

K. Fund Balance

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Center Board.

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

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

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Interfund Receivables/Payables

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net position.

N. Prepaid Items

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

O. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - DEPOSITS AND INVESTMENTS

The Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash, Cash Equivalents and Investments." State statutes classify monies held by the Center into three categories.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

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

7. The State Treasurer's investment pool (STAR Ohio);

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $1,202,705 of the Center's bank balance of $1,452,705 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the Federal Deposit Insurance Corporation.

The Center does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments The Center had the following investments at June 30, 2023:

	Fair Value	Matures in Less than One Year
STAR Ohio	$ 11,125,993	$ 11,125,993

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Center's recurring fair value measurements as of June 30, 2023. As discussed further in Note 2D, STAR Ohio is reported at its share price.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Center manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center's investment policy does not address credit risk beyond the requirements of state law. The Center limits their investments to STAR Ohio. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Center's investment policy allows investments in STAR Ohio, repurchase agreements, certificates of deposit, U.S. Treasury and Agency Securities, or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The Center's investment policy does not address concentration of credit risk beyond the requirements of the Ohio Revised Code. The Center has invested 100 percent in STAR Ohio.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center's investment policy does not address custodial credit risk beyond the requirements of state law. All of the Center's securities are either insured and registered in the name of the Center or at least registered in the name of the Center.

NOTE 4 - CAPITAL ASSETS

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

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities:				
Capital Assets Being Depreciated				
Leased Assets	$ 750,472	$ 475,526	$(719,707)	$ 506,291
Furniture and Equipment	303,214	16,800	(54,163)	265,851
Total Capital Assets, Being Depreciated	1,053,686	492,326	(773,870)	772,142
Less Accumulated Depreciation and Amortization:				
Leased Assets	(624,900)	(234,198)	719,707	(139,391)
Furniture and Equipment	(264,856)	(9,251)	41,792	(232,315)
Total Accumulated Depreciation	(889,756)	(243,449)	761,499	(371,706)
Total Capital Assets Being Depreciated, Net	163,930	248,877	(12,371)	400,436
Governmental Activities Capital Assets, Net	$ 163,930	$ 248,877	$ (12,371)	$ 400,436

Depreciation expense of $9,251 and amortization expense or $234,198 was charged to governmental functions as follows:

Special Instruction	$122,711
Support Services:	
Board of Education	118,881
Instructional Staff	1,857
Total Expenses:	$243,449

NOTE 5 - LONG-TERM LIABILITIES

The changes in the Center's long-term liabilities during fiscal year 2023 were as follows:

	Balance at 6/30/2022	Increase	Decrease	Balance at 6/30/2023		Amount Due In One Year
Net Pension Liability						
STRS	$ 8,706,331	$ 5,695,192	$ -	$ 14,401,523		$ -
SERS	3,336,937	1,133,477	-	4,470,414		-
Total Net Pension Liability	12,043,268	6,828,669	-	18,871,937		-
Net OPEB Liability						
STRS	$ -	$ -	$ -	$ -	*	$ -
SERS	1,760,474	-	577,583	1,182,891		-
Total Net OPEB Liability	1,760,474	-	577,583	1,182,891		-
Lease Obligations	53,655	361,662	162,142	253,175		125,286
Compensated Absences	551,168	1,380,247	1,375,447	555,968		38,830
Total Long-Term Liabilities	$ 14,408,565	$ 8,570,578	$ 2,115,172	$ 20,863,971		$ 164,116

*OPEB for STRS has a Net OPEB asset in the amount of $1,677,469 as of June 30, 2023.

Compensated absences will be paid from the fund from which the employees' salaries are paid with the General Fund being the most significant fund.

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

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

Fiscal Year	Principal	Interest	Total
2024	$125,286	$2,634	$127,920
2025	$127,889	$3,837	$131,726

NOTE 6 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

The net pension/OPEB liability (asset) represents the Center'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 and OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB Statements No. 68/75 assume the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for the 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 liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2023.

The Center's contractually required contribution to SERS was $447,523 for fiscal year 2023. Of this amount $37,649 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The Center's contractually required contribution to STRS Ohio was $1,211,516 for fiscal year 2023. Of this amount $206,506 is reported as an intergovernmental payable.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

The net pension liability disclosed as current year below was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0826511%	0.064783810%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0904390%	0.068093229%	
Change in Proportionate Share	-0.0077879%	-0.003309419%	
Proportion of the Net Pension Liability	$4,470,414	$14,401,523	$18,871,937
Pension Expense (Gain)	$13,296	$1,271,594	$1,284,890

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$181,055	$184,358	$365,413
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	95,616	95,368	190,984
Changes of assumptions	44,110	1,723,430	1,767,540
Differences between projected and actual investment earnings	-	501,141	501,141
School District contributions subsequent to the measurement date	447,523	1,211,516	1,659,039
Total	$768,304	$3,715,813	$4,484,117

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$29,347	$55,090	$84,437
Differences between projected and actual investment earnings	155,997	-	155,997
Changes of assumptions	-	1,297,247	1,297,247
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	312,051	601,880	913,931
Total	$497,395	$1,954,217	$2,451,612

$1,659,039 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($79,781)	($163,865)	($243,646)
2025	(133,230)	(219,652)	(352,882)
2026	(222,844)	(526,952)	(749,796)
2027	259,241	1,460,549	1,719,790
Total	($176,614)	$550,080	$373,466

Actuarial Assumptions - SERS

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$6,580,237	$4,470,414	$2,692,918

Assumptions and Benefit Changes Since the Prior Measurement Date – There were no changes in assumptions or benefit terms since the prior measurement date.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50 %	2.50 %
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %	12.50 % at age 20 to 2.50% at age 65
Payroll increases	3.00 %	3.00 %
COLA or Ad Hoc COLA	0.00 %	0.00 %
Discount rate of return	7.00 %	7.00 %
Investment Rate of Return	7.00 percent net of investment expenses, including inflation	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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

For the June 30, 2021 actuarial valuations, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$21,755,458	$14,401,523	$8,182,370

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

NOTE 7 – DEFINED BENEFIT OPEB PLANS

See Note 6 for a description of the net OPEB liability (asset).

School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Center's surcharge obligation was $51,333.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2023. The Center's contractually required contribution to SERS was $51,333 for fiscal year 2023.

State Teachers Retirement System of Ohio

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

<u>NOTE 7 - DEFINED BENEFIT OPEB PLANS</u> (continued)

State Teachers Retirement System of Ohio (continued)

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

Net Other Post Employment Benefit (OPEB) (Asset) Liability

The net OPEB (asset) liability was measured as of June 30, 2022, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB (asset) liability was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	SERS	STRS	Total
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0842509%	0.064783810%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	0.0930197%	0.068093229%	
Change in Proportionate Share	-0.0087688%	-0.003309419%	
Proportion of the Net OPEB Liability	$1,182,891	$0	$1,182,891
Proportion of the Net OPEB (Asset)	$0	($1,677,469)	($1,677,469)
OPEB Expense (Gain)	($184,256)	($332,416)	($516,672)

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) (Asset) Liability (continued)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$9,944	$24,317	$34,261
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	120,118	2,901	123,019
Changes of assumptions	188,155	71,455	259,610
Differences between projected and actual investment earnings	6,148	29,201	35,349
School District contributions subsequent to the measurement date	51,333	-	51,333
Total	$375,698	$127,874	$503,572

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$756,665	$251,923	$1,008,588
Changes of assumptions	485,585	1,189,487	1,675,072
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	329,347	58,521	387,868
Total	$1,571,597	$1,499,931	$3,071,528

$51,333 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($269,084)	($414,864)	($683,948)
2025	(277,349)	(404,840)	(682,189)
2026	(252,823)	(182,240)	(435,063)
2027	(156,802)	(74,696)	(231,498)
2028	(92,261)	(97,605)	(189,866)
Thereafter	(198,913)	(197,812)	(396,725)
Total	($1,247,232)	($1,372,057)	($2,619,289)

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Municipal Bond Index Rate:	3.69 %	1.92 %
Single Equivalent Interest Rate, Net of Plan Investment Expense, Including Price Inflation	4.08 %	2.27 %
Medical Trend Assumption	7.00 to 4.40 %	
Medicare	5.125 to 4.400 %	5.125 to 4.400 %
Pre-Medicare	6.750 to 4.400 %	6.750 to 4.400 %

For 2022 and 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

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

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

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

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

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%).

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Center's proportionate share of the net OPEB liability	$1,469,169	$1,182,891	$951,788

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
Center's proportionate share of the net OPEB liability	$912,222	$1,182,891	$1,536,430

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50 %		2.50 %	
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %		12.50 % at age 20 to 2.50% at age 65	
Payroll increases	3.00 %		3.00 %	
Cost-of-living adjustments (COLA)	0.00 %		0.00 %	
Discount rate of return	7.00 %		7.00 %	
Investment Rate of Return	7.00 percent net of investment expenses, including inflation		7.00 percent net of investment expenses, including inflation	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

For the June 30, 2021 actuarial valuations, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate — The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022 and was 7.45% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

Sensitivity of the Center's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table represents the net OPEB liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OEPB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB (asset) liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Center's proportionate share of the net OPEB (asset) liability	($1,550,775)	($1,677,469)	($1,785,992)

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
Center's proportionate share of the net OPEB (asset) liability	($1,739,943)	($1,677,469)	($1,598,610)

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

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

NOTE 8 – LEASES

During fiscal year 2023, the Center entered into a lease agreement with Clermont County to lease space. The lease agreement was effective July 1, 2022 and ends on the 30th day of June 2023; however, the Center has the option to renew the lease for three subsequent one year terms running July 1, 2023 through June 30, 2026. The lease meets the criteria for reporting under GASB Statement No. 87 and the leased asset and corresponding liability is recorded in the accompanying financial statements of the Center.

The Center's lease agreement with Clermont Northeastern Local School District to lease space ran through June 30, 2023. The new lease agreement effective July 1, 2023 doesn't qualify for reporting as a long term lease due to both the lessor and the lessee having the option to cancel the lease within each of the 12 month renewal periods.

The Center's lease agreement with Child Focus, Inc. to lease space was effective August 1, 2022, with two one-year renewals; however, this lease doesn't qualify for reporting as a long term lease due to both the lessor and the lessee having the option to cancel the lease within each of the 12 month renewal periods.

NOTE 9- RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Center contracted with Governmental Underwriters of America for property, general liability, vehicle, and public officials' bonding.

Property ($1,000 deductible)	$681,644
Automobile liability ($500 comprehensive deductible and $500 collision deductible)	1,000,000
General liability:	
Per occurrence	1,000,000
Annual Aggregate	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2023, the Center participated in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Plan (Plan), an insurance purchasing pool (Note 12). The intent of the Plan is to reward participants that are able to keep their claims cost low. Members will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2023 Plan, the evaluation periods will be January 2023 and January 2024. Refunds of assessments will be calculated by the Ohio BWC, based on the pro-rata share of the members' individual premium compared to the overall Plan premium.

Participation in the Group Retrospective Rating Plan is limited to those that can meet the programs selection criteria. The firm of Compmanagement, Inc. provides administrative, cost control and actuarial services to the Plan.

The Center is a member of the Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust, which is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 10 - JOINTLY GOVERNED ORGANIZATION

Hamilton Clermont Cooperative Information Technology Center - The Hamilton Clermont Cooperative Information Technology Center (HCC) is a jointly governed organization among a two-county consortium of school districts. HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The executive committee is the managerial body responsible for directing and supervising the daily operation of HCC. The executive committee is composed of up to 12 members; two superintendents from each county, the superintendent from each county educational service center (ESC), one treasurer from each county, and the treasurer from each county ESC serving as on-voting ex officio members. The Center paid HCC $73,108 for services provided during the year. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

The Unified Purchasing Cooperative of the Ohio River Valley (UPC) is a purchasing cooperative made up of 53 public school districts and three joint vocational school districts in Brown, Butler, Clermont and Hamilton Counties in Ohio, as well as districts in Kentucky and Indiana. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the UPC.

NOTE 10 - JOINTLY GOVERNED ORGANIZATION (continued)

The Board of Directors is elected from among the active members and consists of one representative each from Brown, Butler, Clermont and Hamilton Counties, as well as one representative from Kentucky, one from Indiana, and one at-large representative from a public school district with an enrollment greater than 5,000 students. In addition, the superintendents of the Hamilton County Educational Service Center and the Clermont County Educational Service Center also serve on the Board of Directors. The Hamilton County Educational Service Center serves as fiscal agent. Financial information can be obtained from Megan Jackson, Treasurer, Hamilton County Educational Service Center, at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

The Center for Collaborative Solutions, A Regional Council of Governments (the "COG"), is a body Corporate and Politic established pursuant to Ohio Revised Code Chapter 167, by agreement of its members. The COG is a collaborative between Hamilton County Educational Service Center and Clermont County Educational Service Center. The COG is currently providing services for thirty-member school districts and other entities in Hamilton County and Clermont County, principally providing substitute teachers and substitute classified personnel. Hamilton County Educational Service Center acts as a fiscal officer for the COG. The governing authority of The Center for Collaborative Solutions (COG) is the COG Board, which is comprised of two superintendents, two board members and one treasurer. All members are from The Hamilton County ESC and Clermont County ESC. The Officer positions of the COG Board are President, Vice-President and Secretary. Currently, the Clermont County ESC Superintendent is appointed President and the Hamilton County ESC Superintendent is appointed Vice President. The ESCs rotate those positions as determined by the COG Board. All other officers serve until his/her successor is appointed.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOL

The Center participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 132 school districts and educational service centers in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Payments to the SOEPC are made from the General and State Grant Funds. Starting in fiscal year 2018, SOEPC starting waiving the membership dues. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208,Vandalia, Ohio 45377.

NOTE 12 - INSURANCE PURCHASING POOL

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Plan - The Center participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan's business and affairs are conducted by Compmanagement. Each year, the participating members pay an enrollment fee to Compmanagement to cover the costs of administering the program.

NOTE 13 - CONTINGENCIES

A. Grants

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2023, if applicable, cannot be determined at this time.

B. Litigation

The Center is not party to any legal proceedings.

NOTE 14 - RECEIVABLES

Receivables at June 30, 2023, consisted of accounts (rent, billings for user charged services, and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Non-major Funds	
507 Esser	$7,085
508 GEER	$7,772
599 Misc Fed	$74,687
Total All Funds	$89,544

NOTE 15 – NEW ACCOUNTING PRINCIPLES

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

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

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription

NOTE 15 – NEW ACCOUNTING PRINCIPLES (continued)

payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Center.

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

NOTE 16 – ACCOUNTABILITY

At June 30, 2023, the Intern Psychology Grant, ESSER Grant, and Miscellaneous Federal Grant non-major Special Revenue Funds had deficit fund balances of $3,000, $986, and $74,686 respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 17 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General Fund	All Other Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid	$ 217,174	$ -	$ 217,174
Restricted for			
Other Purposes	-	142,156	142,156
Total Restricted	-	142,156	142,156
Committed to			
Termination Benefits	499,416	-	499,416
Assigned to			
Other Purposes	63,023	-	63,023
Unassigned	11,075,796	(78,672)	10,997,124
Total Fund Balances	$ 11,855,409	$ 63,484	$ 11,918,893

NOTE 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in May of 2023. During fiscal year 2023, the Center received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. The impact on the Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 19 - INTERFUND ACTIVITY

As of June 30, 2023, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payables
Major Fund:		
General Fund	$ 42,579	$ -
Non-Major Funds:		
ESSER	-	332
Miscellaneous Federal Grants	-	38,566
GEER-FAFSA21	-	3,681
Total Non-Major Fund	-	42,579
Total All Funds	$ 42,579	$ 42,579

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.0826511%	0.0904390%	0.0878804%	0.0945739%	0.0974934%	0.0931993%	0.0976005%	0.1041571%	0.1229210%	0.1229210%
Center's proportionate share of the net pension liability	$ 4,470,414	$ 3,336,937	$ 5,812,595	$ 5,658,522	$ 5,583,628	$ 5,568,452	$ 7,143,456	$ 5,943,305	$ 6,220,962	$ 7,309,717
Center's covered payroll	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107	$ 3,135,577	$ 3,571,840	$ 3,356,814
Center's proportionate share of the net pension liability as a percentage of its covered payroll	144.79%	106.89%	188.67%	174.41%	177.96%	178.21%	235.67%	189.54%	174.17%	217.76%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.064783810%	0.068093229%	0.06736483%	0.06831242%	0.06907657%	0.07295060%	0.07349565%	0.07472646%	0.06913728%	0.06913728%
Center's proportionate share of the net pension liability	$ 14,401,523	$ 8,706,331	$ 16,299,892	$ 15,106,881	$ 15,188,387	$ 17,329,571	$ 24,601,209	$ 20,652,208	$ 16,816,579	$ 20,031,799
Center's covered payroll	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157	$ 7,796,457	$ 7,436,677	$ 7,414,200
Center's proportionate share of the net pension liability as a percentage of its covered payroll	170.99%	103.62%	200.49%	188.36%	193.41%	203.20%	318.13%	264.89%	226.13%	270.18%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.
Amounts presented as of the Center's measurement date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 447,523	$ 432,248	$ 437,041	$ 431,325	$ 438,003	$ 423,580	$ 437,461	$ 424,355	$ 413,269	$ 495,057
Contributions in relation to the contractually required contribution	(447,523)	(432,248)	(437,041)	(431,325)	(438,003)	(423,580)	(437,461)	(424,355)	(413,269)	(495,057)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$3,196,593	$3,087,486	$3,121,721	$3,080,893	$3,244,467	$3,137,630	$3,124,721	$3,031,107	$3,135,577	$3,571,840
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,211,516	$ 1,179,109	$ 1,176,316	$ 1,138,183	$ 1,122,820	$ 1,099,398	$ 1,193,984	$ 1,082,642	$ 1,091,504	$ 966,768
Contributions in relation to the contractually required contribution	(1,211,516)	(1,179,109)	(1,176,316)	(1,138,183)	(1,122,820)	(1,099,398)	(1,193,984)	(1,082,642)	(1,091,504)	(966,768)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center covered payroll	$ 8,653,686	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157	$ 7,796,457	$ 7,436,677
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

Last Seven Years (1)

	2023	2022	2021	2020	2019	2018	2017
Center's proportion of the net OPEB liability	0.0842509%	0.0930197%	0.0876956%	0.0969666%	0.0983316%	0.0945523%	0.0987884%
Center's proportionate share of the net OPEB liability	$ 1,182,891	$ 1,760,474	$ 1,905,912	$ 2,438,506	$ 2,727,984	$ 2,537,535	$ 2,815,835
Center's covered payroll	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.31%	56.39%	61.86%	75.16%	86.94%	81.21%	92.90%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Seven Years (1)

	2023	2022	2021	2020	2019	2018	2017
Center's proportion of the net OPEB liability (asset)	0.064783810%	0.068093229%	0.06736483%	0.06831242%	0.06907657%	0.07295060%	0.07349565%
Center's proportionate share of the net OPEB liability (asset)	$ (1,677,469)	$ (1,435,690)	$ (1,183,936)	$ (1,131,418)	$ (1,109,990)	$ 2,846,263	$ 3,930,566
Center's covered payroll	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,478,707	$ 7,852,843	$ 8,528,457	$ 7,733,157
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-19.92%	-17.09%	-14.56%	-13.34%	-14.13%	33.37%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's OPEB Contributions
School Employees Retirement System of Ohio
Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 51,333	$ 53,688	$ 58,673	$ 39,794	$ 75,621	$ 66,249	$ 51,425	$ 49,477
Contributions in relation to the contractually required contribution	(51,333)	(53,688)	(58,673)	(39,794)	(75,621)	(66,249)	(51,425)	(49,477)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 3,196,593	$ 3,087,486	$ 3,121,721	$ 3,080,893	$ 3,244,467	$ 3,137,630	$ 3,124,721	$ 3,031,107
Contributions as a percentage of covered employee payroll	1.61%	1.74%	1.88%	1.29%	2.33%	2.11%	1.65%	1.63%

(1) Information prior to 2016 is not available.

See notes to the accompanying required supplementary information.

Clermont County Educational Service Center
Required Supplementary Information
Schedule of the Center's OPEB Contributions
State Teachers Retirement System of Ohio
Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center covered payroll	$ 8,653,686	$ 8,422,207	$ 8,402,257	$ 8,129,879	$ 8,020,143	$ 7,852,843	$ 8,528,457	$ 7,733,157
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See notes to the accompanying required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

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

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Pension (continued)

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023: The following change of assumptions affected the total pension liability since the prior measurement date:

(1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The discount rate of return was reduced from 7.45% to 7.00%,

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The municipal bond index rate went from 1.92% to 3.69%
(2) The single equivalent interest rate went from 2.27% to 4.08%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Wage inflation decreased from 3.00% to 2.40%
(2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
(3) Investment rate of return decreased from 7.50% to 7.00%
(4) The discount rate decreased from 7.50% to 7.00%
(5) Municipal Bond Index Rate:
    Prior Measurement Date 2.45%
    Measurement Date 1.92%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
    Prior Measurement Date 2.63%
    Measurement Date 2.27%
(7) Mortality tables changes from the RP=2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below median Health Retiree mortality table.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.22% to 2.63%
(2) Municipal Bond Index Rate:
    Prior Measurement Date 3.13%
    Measurement Date 2.45%

2020: The discount rate was changed from 3.70% to 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.63% to 3.70%
(2) Municipal Bond Index Rate:
    Prior Measurement Date 3.56%
    Measurement Date 3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
    Prior Measurement Date 3.63%
    Measurement Date 3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
    Fiscal Year 2018 3.63%
    Fiscal Year 2017 2.98%
(2) Municipal Bond Index Rate:
    Fiscal Year 2018 3.56%
    Fiscal Year 2017 2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
    Fiscal Year 2018 3.63%
    Fiscal Year 2017 2.98%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2023: The projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50%. The health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

2022: The long-term expected rate of return was reduced from 7.45% to 7.00%. The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year. The health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

2021: The health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

2020: The health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

Clermont County Educational Service Center
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	$ -	$ -	$ 745,327	$ 745,327
Interest	-	-	390,552	390,552
Tuition and Fees	-	-	17,319,079	17,319,079
Gifts and Donations	-	-	14,895	14,895
Customer Sales and Services	-	-	803,349	803,349
Miscellaneous	-	-	25,022	25,022
Total Revenues	-	-	19,298,224	19,298,224
EXPENDITURES:				
Current:				
Instruction:				
Regular	-	-	4,771	(4,771)
Special	6,203,661	6,275,096	6,218,646	56,450
Support Services:				
Pupils	10,069,697	10,070,257	10,354,882	(284,625)
Instructional Staff	553,718	553,768	603,625	(49,857)
Board of Education	211,316	211,316	197,489	13,827
Administration	490,341	490,341	496,706	(6,365)
Fiscal	341,113	342,170	341,660	510
Central	114,855	114,855	73,810	41,045
Total Expenditures	17,984,701	18,057,803	18,291,589	(233,786)
Excess of Revenues Over (Under) Expenditures	(17,984,701)	(18,057,803)	1,006,635	19,064,438
OTHER FINANCING USES:				
Transfers Out	(50,000)	(50,000)	(30,000)	20,000
Total Other Financing Uses	(50,000)	(50,000)	(30,000)	20,000
Net Change in Fund Balance	(18,034,701)	(18,107,803)	976,635	19,084,438
Fund Balance at Beginning of Year	10,415,721	10,415,721	10,415,721	-
Prior Year Encumbrances Appropriated	73,102	73,102	73,102	-
Fund Balance at End of Year	$ (7,545,878)	$ (7,618,980)	$ 11,465,458	$ 19,084,438

See accompanying notes to the supplemental information.

NOTE 1 – BUDGETARY PROCESS

The Center is no longer required under State statute to file budgetary information with the State Department of Education. However, the Center's Board does follow the budgetary process for control purposes.

The Center's Governing Board does not formally approve a budget for resources estimated to be received during the fiscal year. The Treasurer prepares a budget for revenues for management tracking purposes; however, since it is not formally approved it is not shown in the accompanying budgetary schedule.

The Center's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by the Governing Board. The level of control has been established by the Governing Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds.

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting (GAAP), the budgetary basis is based upon the accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).

4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP statement and budgetary basis schedule for the General Fund.

Net Change in Fund Balance

	General
GAAP Basis	$1,353,136
Adjustments:	
Revenue Accruals	(344,678)
Expenditure Accruals	42,501
Prospective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(1,403)
Encumbrances	(72,921)
Budget Basis	$976,635

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Clermont County Educational Service Center
2400 Clermont Center Drive
Batavia, Ohio 45103

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Clermont County Educational Service Center, Clermont County, Ohio (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 17, 2025, wherein we noted that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a material weakness.

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Report on Compliance and Other Matters

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

Center's Response to Findings

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

Purpose of this Report

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

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 17, 2025

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

Finding Number 2023-001

Material Weakness – Financial Reporting

A monitoring system by the Center should be in place to prevent or detect misstatements for the fair presentation of the Center's financial statements. During testing, we identified misclassifications in program revenues. Further, we noted errors in deferrals and related expenses related to the net pension and OPEB liabilities/(assets) as well as a misclassification of net position related to the OPEB asset. These items were deemed immaterial individually and in the aggregate; therefore, correction was waived. We also noted errors in intergovernmental receivable and intergovernmental revenue in fiscal year 2023. Corrections were posted to the financial statements. Finally, we made minor changes to the notes to the financial statements.

We recommend the Center implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential errors and misclassifications in the financial statements and to ensure proper presentation of note disclosures.

Center Response:

The Center will work closer with the compiler to ensure financial statements are properly presented.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
Finding 2022-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2023-001

OHIO AUDITOR OF STATE
KEITH FABER

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 6/24/2025

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