



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTHERN OHIO EDUCATIONAL SERVICE CENTER
CLINTON COUNTY
JUNE 30, 2024**

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**SOUTHERN OHIO EDUCATIONAL SERVICE CENTER
CLINTON COUNTY
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Southern Ohio Educational Service Center
Clinton County
3321 Airborne Road
Wilmington, Ohio 45177

To the Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Ohio Educational Service Center, Clinton County, Ohio (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, each major fund, and the aggregate remaining fund information of the Southern Ohio Educational Service Center, Clinton County, Ohio as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with the 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. 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, during 2024 the Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100 *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Keith Faber
Auditor of State
Columbus, Ohio
March 12, 2025

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Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The discussion and analysis of Southern Ohio Educational Service Center's financial performance provides an overall review of the Center's financial activities 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 financial statements to enhance their understanding of the Center's performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- Net position of governmental activities increased \$708,419.
- General revenues accounted for \$1,149,282 in revenue or 10% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$10,890,496 or 90% of total revenues of \$12,039,778.
- The fund balance for the General Fund at the end of 2024 was \$3,608,765.

Overview of the Financial Statements

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

The *Statement of Net position* and *Statement of Activities* provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. The General, ESSR and Hopewell / Region 14 Fund are the major funds of the Center.

Government-wide Financial Statements

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

These two statements report the Center's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include facility conditions, required educational programs and other factors.

Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

In the Government-wide Financial Statements, the Center presents:

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

Fund Financial Statements

The analysis of the Center's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

The Center as a Whole

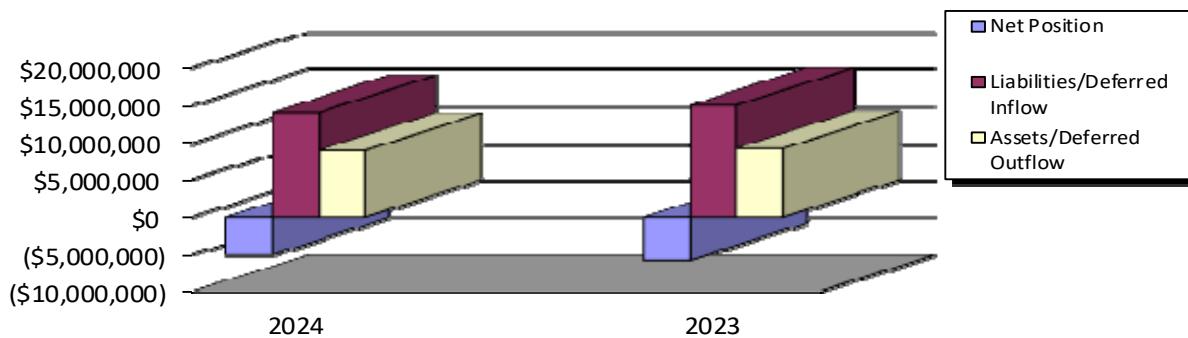
As stated previously, the Statement of Net position looks at the Center as a whole. Table 1 provides a summary of the Center's net position for 2024 compared to 2023:

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Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2024	2023
Assets:		
Current and Other Assets	\$5,209,217	\$4,744,732
Net OPEB Asset	775,012	1,053,399
Capital Assets	<u>362,377</u>	<u>390,632</u>
Total Assets	<u>6,346,606</u>	<u>6,188,763</u>
Deferred Outflows of Resources:		
Pension	2,330,661	2,860,570
OPEB	<u>385,612</u>	<u>279,128</u>
Total Deferred Outflows of Resources	<u>2,716,273</u>	<u>3,139,698</u>
Liabilities:		
Other Liabilities	913,798	836,315
Long-Term Liabilities	<u>11,113,618</u>	<u>11,609,422</u>
Total Liabilities	<u>12,027,416</u>	<u>12,445,737</u>
Deferred Inflows of Resources:		
Pension	964,442	1,188,146
OPEB	<u>1,077,839</u>	<u>1,409,815</u>
Total Deferred Inflows of Resources	<u>2,042,281</u>	<u>2,597,961</u>
Net Position:		
Net Investment in Capital Assets	362,377	390,632
Restricted	1,076,575	1,560,369
Unrestricted	<u>(6,445,770)</u>	<u>(7,666,238)</u>
Total Net Position	<u>(\$5,006,818)</u>	<u>(\$5,715,237)</u>



Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the Center's liabilities and deferred inflows exceeded assets and deferred outflows by \$5,006,818.

At year-end, capital assets represented 6% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets at June 30, 2024, were \$362,377. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, \$1,076,575 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total Assets increased from the prior year primarily due to an increase in equity in pooled cash and investments. Long-Term Liabilities decreased mainly due to a decrease in the net pension liability.

Table 2 shows the changes in net position for fiscal years 2024 and 2023.

Table 2
Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues:		
Program Revenues		
Charges for Services	\$8,801,930	\$7,618,777
Operating Grants, Contributions	2,088,566	2,096,257
General Revenues:		
Grants and Entitlements	761,408	723,113
Other	387,874	143,608
Total Revenues	12,039,778	10,581,755
Program Expenses:		
Instruction	2,368,076	2,138,121
Support Services:		
Pupil and Instructional Staff	6,762,148	6,234,735
School Administrative, General		
Administration, Fiscal and Business	922,787	913,417
Operations and Maintenance	629,977	398,996
Pupil Transport	0	115,106
Central	573,489	447,318
Operation of Non-Instructional Services	74,882	62,575
Total Program Expenses	11,331,359	10,310,268
Change in Net Position	708,419	271,487
Net Position Beginning of Year	(5,715,237)	(5,986,724)
Net Position End of Year	(\$5,006,818)	(\$5,715,237)

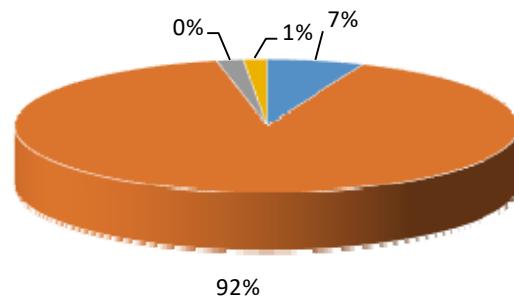
Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The Center revenues are mainly from two sources. Charges for services and operating grants and contributions comprised 90% of the Center's revenues for governmental activities.

Instruction comprises 21% of governmental program expenses. Support services expenses were 78% of governmental program expenses. All other expenses were 1% of the total governmental program expenses.

Charges for services and operating grants and contributions made up 90% of revenues for governmental activities for the Center in 2024. The Center's reliance upon charges for services and operating grants and contributions is demonstrated by the following graph:

Revenue Sources	2024	Percent of Total
General Grants	\$761,408	6.30%
Program Revenues	10,890,496	90.50%
Investment Earnings	201,361	1.70%
Other Revenues	186,513	1.50%
	\$12,039,778	100.00%



Total revenues increased from prior year primarily due to an increase in charges for services and sales revenues. Total expenses increased compared to prior year due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction	\$2,368,076	\$2,138,121	(\$1,333,507)	(\$1,170,058)
Support Services:				
Pupil and Instructional Staff	6,762,148	6,234,735	1,419,046	795,306
School Administrative, General				
Administration, Fiscal and Business	922,787	913,417	255,615	229,021
Operations and Maintenance	629,977	398,996	(371,909)	9,586
Pupil Transportation	0	115,106	0	199
Central	573,489	447,318	(379,223)	(439,149)
Operation of Non-Instructional Services	74,882	62,575	(30,885)	(20,139)
Total Expenses	\$11,331,359	\$10,310,268	(\$440,863)	(\$595,234)

Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The Center's Funds

The Center has three major governmental funds: the General Fund, ESSR and the Hopewell/Region 14 Fund. Assets of these funds comprise \$5,253,453 (99%) of the total \$5,278,495 governmental funds' assets.

General Fund: Fund balance at June 30, 2024 was \$3,608,765 including \$3,404,801 of unassigned balance. The fund balance increased by \$543,905 from the prior year.

ESSR Fund: Fund balance at June 30, 2024 was (\$20,166), a decrease of \$13,176 from 2023.

Hopewell Fund: Fund balance at June 30, 2024 was \$627,971, a decrease of \$47,069 from 2023.

General Fund Budgeting Highlights

Under Ohio law, educational service centers are no longer required to prepare a budget. Therefore, at June 30, 2024 a budgetary statement is not presented within the basic financial statements.

Capital Assets and Debt Administration

Capital Assets

At the fiscal year end 2024, the Center had \$362,377 invested in land, buildings and improvements and equipment. Table 4 shows fiscal 2024 balances as compared to 2023:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2024	2023
Land	\$31,490	\$56,914
Buildings and Improvements	292,443	293,751
Equipment	38,444	39,967
Total Net Capital Assets	\$362,377	\$390,632

Capital assets decreased due to current year additions being less than depreciation expense.

See Note 5 to the basic financial statements for further details on the Center's capital assets.

Debt

At June 30, 2024, the Center had no outstanding debt obligations.

For the Future

The Center relies heavily on charges for services and intergovernmental revenues. This scenario requires management to plan carefully and prudently to provide the resources to meet needs over the next several years. Financially, the future of the Center is not without challenges. Management must diligently plan

**Southern Ohio Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)**

future expenditures. All of the Center's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the Center's finances, the Center's management is confident that the Center can continue to provide quality services to other organizations in the future.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at Southern Ohio Educational Service Center, 3321 Airborne Road, Wilmington, Ohio 45177.

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Southern Ohio Educational Service Center

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$4,605,173
Receivables (Net):	
Accounts	322,169
Interest	17,531
Intergovernmental	247,550
Prepays	16,794
Net OPEB Asset	775,012
Nondepreciable Capital Assets	31,490
Depreciable Capital Assets, Net	<u>330,887</u>
 Total Assets	 <u>6,346,606</u>
 Deferred Outflows of Resources:	
Pension	2,330,661
OPEB	<u>385,612</u>
 Total Deferred Outflows of Resources	 <u>2,716,273</u>
 Liabilities:	
Accounts Payable	98,844
Accrued Wages and Benefits	814,954
Long-Term Liabilities:	
Due Within One Year	84,194
Due In More Than One Year	
Net Pension Liability	10,023,377
Net OPEB Liability	416,962
Other Amounts	<u>589,085</u>
 Total Liabilities	 <u>12,027,416</u>
 Deferred Inflows of Resources:	
Pension	964,442
OPEB	<u>1,077,839</u>
 Total Deferred Inflows of Resources	 <u>2,042,281</u>
 Net Position:	
Net Investment in Capital Assets	362,377
Restricted for:	
Locally Funded Programs	5,250
State and Federally Funded Programs	280,829
Net OPEB Asset	775,012
Other Purposes	15,484
Unrestricted	<u>(6,445,770)</u>
 Total Net Position	 <u>(\$5,006,818)</u>

See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center
 Statement of Activities
 For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities		
		Charges for Services and Sales	Operating Grants and Contributions			
Governmental Activities:						
Instruction:						
Regular	\$162,372	\$0	\$0	(\$162,372)		
Special	2,134,931	843,986	184,396	(1,106,549)		
Vocational	70,773	6,187	0	(64,586)		
Support Services:						
Pupil	4,366,082	4,300,819	807,537	742,274		
Instructional Staff	2,396,066	2,208,388	864,450	676,772		
General Administration	45,724	0	0	(45,724)		
School Administration	372,644	906,646	1,229	535,231		
Fiscal	502,779	196,423	72,476	(233,880)		
Business	1,640	1,229	399	(12)		
Operations and Maintenance	629,977	206,230	51,838	(371,909)		
Central	573,489	98,799	95,467	(379,223)		
Operation of Non-Instructional Services	74,882	33,223	10,774	(30,885)		
Totals	\$11,331,359	\$8,801,930	\$2,088,566	(440,863)		

General Revenues:	
Grants and Entitlements, Not Restricted	761,408
Investment Earnings	201,361
Other Revenues	186,513
Total General Revenues	1,149,282
Change in Net Position	708,419
Net Position - Beginning of Year	(5,715,237)
Net Position - End of Year	(\$5,006,818)

See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center

Balance Sheet

Governmental Funds

June 30, 2024

	General	Hopewell / Region 14	ESSER	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$3,627,941	\$953,998	\$0	\$23,234	\$4,605,173
Receivables (Net):					
Accounts	263,459	58,710	0	0	322,169
Interest	17,531	0	0	0	17,531
Intergovernmental	20,548	79,118	146,076	1,808	247,550
Interfund	69,278	0	0	0	69,278
Prepays	6,712	9,261	821	0	16,794
Total Assets	4,005,469	1,101,087	146,897	25,042	5,278,495
Liabilities:					
Accounts Payable	52,034	9,835	36,975	0	98,844
Accrued Wages and Benefits	325,698	449,425	39,831	0	814,954
Compensated Absences	12,917	13,856	0	0	26,773
Interfund Payable	0	0	69,270	8	69,278
Total Liabilities	390,649	473,116	146,076	8	1,009,849
Deferred Inflows of Resources:					
Grants	0	0	20,987	8	20,995
Investment Earnings	6,055	0	0	0	6,055
Total Deferred Inflows of Resources	6,055	0	20,987	8	27,050
Fund Balances:					
Nonspendable	6,712	9,261	821	0	16,794
Restricted	0	618,710	0	25,034	643,744
Assigned	197,252	0	0	0	197,252
Unassigned	3,404,801	0	(20,987)	(8)	3,383,806
Total Fund Balances	3,608,765	627,971	(20,166)	25,026	4,241,596
Total Liabilities, Deferred Inflows and Fund Balances	\$4,005,469	\$1,101,087	\$146,897	\$25,042	\$5,278,495

See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2024

Total Governmental Fund Balance \$4,241,596

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.

Capital assets used in the operation of Governmental Funds	362,377
--	---------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Interest	6,055
Intergovernmental	<u>20,995</u>
	27,050

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.

Compensated Absences	(646,506)
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Deferred outflows and inflows or resources related to pensions and OPEBs are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,330,661
Deferred inflows of resources related to pensions	(964,442)
Deferred outflows of resources related to OPEB	385,612
Deferred inflows of resources related to OPEB	<u>(1,077,839)</u>
	673,992

Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.

Net OPEB Asset	775,012
Net Pension Liability	(10,023,377)
Net OPEB Liability	<u>(416,962)</u>
	(9,665,327)

Net Position of Governmental Activities	<u>(\$5,006,818)</u>
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See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center
 Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Governmental Funds
 For the Fiscal Year Ended June 30, 2024

	General	Hopewell / Region 14	ESSER	Other Governmental Funds	Total Governmental Funds
Revenues:					
Charges for Educational Services	\$4,213,049	\$4,076,040	\$0	\$0	\$8,289,089
Charges for Non-Educational Services	437,318	68,858	0	6,666	512,842
Investment Earnings	195,565	0	0	0	195,565
Intergovernmental	761,408	1,344,129	736,804	158,158	3,000,499
Other Revenues	123,306	63,206	0	0	186,512
Total Revenues	5,730,646	5,552,233	736,804	164,824	12,184,507
Expenditures:					
Current:					
Instruction:					
Regular	168,877	0	0	0	168,877
Special	1,415,197	805,797	0	377	2,221,371
Vocational	77,669	0	0	0	77,669
Support Services:					
Pupil	1,438,826	2,898,514	99,352	33,670	4,470,362
Instructional Staff	597,691	1,355,602	548,320	0	2,501,613
General Administration	45,977	0	0	0	45,977
School Administration	370,200	5,052	0	0	375,252
Fiscal	377,084	83,718	48,572	3,425	512,799
Business	0	1,640	0	0	1,640
Operations and Maintenance	255,701	272,885	0	103,767	632,353
Central	409,363	131,461	53,736	2,287	596,847
Operation of Non-Instructional Services	30,156	44,633	0	0	74,789
Total Expenditures	5,186,741	5,599,302	749,980	143,526	11,679,549
Net Change in Fund Balance	543,905	(47,069)	(13,176)	21,298	504,958
Fund Balance - Beginning of Year, as previously presented	3,064,860	675,040	0	(3,262)	3,736,638
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	0	0	(6,990)	6,990	0
Fund Balance - Beginning of Year, as adjusted or restated	3,064,860	675,040	(6,990)	3,728	3,736,638
Fund Balance - End of Year	\$3,608,765	\$627,971	(\$20,166)	\$25,026	\$4,241,596

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds \$504,958

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	8,250
Depreciation Expense	<u>(36,505)</u>
<u>(28,255)</u>	

Governmental funds report center pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions are reported as pension and OPEB expense.

Pension Contributions	1,030,465
Pension Expense	(783,879)
OPEB Contributions	17,158
OPEB Expense	<u>116,529</u>
380,273	

current financial resources are not reported as revenues in the funds.

Interest	5,796
Intergovernmental	<u>(150,525)</u>
(144,729)	

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.

Compensated Absences	<u>(3,828)</u>
Change in Net Position of Governmental Activities	<u><u>\$708,419</u></u>

See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024

	Private Purpose Trust
Assets:	
Restricted Cash and Investments	\$664,866
Receivables (Net):	
Interest	6,655
Total Assets	<u>671,521</u>
Net Position:	
Held in Trust	
Restricted for Endowment - Expendable	71,521
Restricted for Endowment - Nonexpendable	<u>600,000</u>
Total Net Position	<u>\$671,521</u>

See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust
Additions:	
Investment Earnings	<u>\$24,805</u>
Total Additions	<u>24,805</u>
Deductions:	
Other	<u>12,965</u>
Total Deductions	<u>12,965</u>
Change in Net Position	11,840
Net Position - Beginning of Year	<u>659,681</u>
Net Position - End of Year	<u>\$671,521</u>

See accompanying notes to the basic financial statements.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 – Description of the Educational Service Center and Reporting Entity

The Southern Ohio Educational Service Center Governing Board (referred to as "Center") organized on July 1, 1997, and operates under current standards prescribed by the Ohio State Board of Education as provided in 3311.053 of the Ohio Revised Code for county educational service centers.

The Center was formerly known as the Clinton-Fayette-Highland Educational Service District after the merger of the Clinton County, Fayette County and the Highland County Educational Service Centers. Effective July 1, 2005, as approved by the governing board, the Center became known as the Southern Ohio Educational Service Center after the expansion of their service to include Adams County Ohio Valley School District. This was a name change only, and did not change the organizational structure or services provided by the Center. The Governing Board is made up of nine elected board members. The elected governing board can, at the January organizational meeting, appoint up to 8 additional members to serve on the governing board for a maximum of 17 members. The resolution to merge explains this issue in more detail.

This Center operates the Central Board Office at 3321 Airborne Road, Wilmington, Ohio.

The Center employs, including Region 14/Hopewell 123 employees to provide service to the eight local school districts in Clinton County (Blanchester, Clinton-Massie, East Clinton), Fayette County (Miami Trace), Highland County (Bright, Fairfield, Lynchburg-Clay), Adams County (Adams County/Ohio Valley): the three city school districts of Hillsboro, Washington Court House, and Wilmington, the one exempted village school district of Greenfield, and the Laurel Oaks Career Development Center.

The Center provides fiscal agent services to the following organizations: Region 14/Hopewell Center, 5350 West New Market Road, Hillsboro, Ohio; DARE, through the Clinton County Sheriff in Wilmington, Ohio. Region 14/Hopewell is accounted for as an agency trust fund while the other funds with fiscal agent relationships are reported as special revenue funds for GAAP purposes. The Center also provides fiscal agent services to the Southern Ohio Learning Center also located at 3321 Airborne Road, Wilmington, Ohio. Participation fees and tuition for the alternative school are included within a "014" Internal Service Rotary Fund but the alternative school ended at the conclusion of FY 2018 based upon decisions of participating districts. Grant activity for the alternative education challenge grant, which helps support the Southern Ohio Learning Center, is included within and accounted for in a "463" Alternative Schools Fund through the Ohio Department of Education's CCIP (Comprehensive Continuous Improvement Planning Application) process and ended at the conclusion of FY 2017.

Reporting Entity

The Center reporting entity is comprised of the primary government. The primary government of the Center consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, preschool, teacher development, gifted, emotionally disturbed classrooms, special education, alternative school, agriculture education, technology, speech therapy, psychology, social work, workforce development, and multi-handicap activities and programs.

The Center is associated with three jointly governed organizations, two public entity shared risk pools, and one related organization. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Region 14 SST (State Support Team)/Hopewell
Southwestern Ohio Educational Purchasing Council

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Public Entity Shared Risk Pools:

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan
Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation GRP

Related Organization:

Great Oaks Career Campuses

These organizations are presented in Notes 12, 13, and 14 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

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.

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Center are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and programs revenues for each function or program 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 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, with certain limited exceptions. 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.

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, deferred outflows of resources, 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The private purpose fund is reported using the economic resources measurement focus.

Fund Accounting

The Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Center are grouped into the categories governmental and fiduciary. The focus of government fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

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

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

ESSR Fund - The ESSR fund is used to provide emergency relief grants related to the COVID-19 pandemic..

Hopewell/ Region 14 - This special revenue fund is used to offer professional development, technical assistance, and support in areas of school improvement services, special education and early learning school readiness as well as special education and related services to children with special needs in the region.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. Custodial funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center has a private purpose trust which benefits programs for individual students.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

versus expenditures.

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. 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, included 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 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, deferred outflows of resources includes pension and other post employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include grants, OPEB, investment earnings, and pension. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 7 and 8.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as

**Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the Center is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year amounted to \$195,565.

Capital Assets

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 value as of the date received. The Center maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). The Center possesses a building located at 5350 West New Market Road, Hillsboro, Ohio (Region 14/Hopewell Center). Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	20-50 years
Equipment	3 -10 years

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include the amount in the private purpose trust fund that is restricted by trust agreements to be used for scholarships.

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 the purchase and expenditures/expense is reported in the year in which services are consumed.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Pensions/Other Postemployment Benefits (OPEB)

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

Compensated Absences

The Center reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." 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 with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Center's past experience of making termination payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due to the employee at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated Absences are reported in governmental funds only if they have matured.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are 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 when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the Center's \$1,076,575 in restricted net position, none were restricted by enabling legislation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting, the Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the Center's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

As a general rule the effect of internal activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note 3 – Equity in Pooled Cash 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 statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

State statute requires the classification of monies held by the Center into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the Center. Such monies must by law be maintained either as cash in the Center treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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 held by the Center can 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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits 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. As of June 30, 2024, \$2,697,005 of the Center's bank balance of \$2,947,005 was exposed to custodial credit risk because it was uninsured and collateralized.

The Center has no deposit policy for custodial 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% 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% of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2024, the Center had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable CD's	\$2,198,437	Level 2	0.81
US Treasury Notes	295,899	Level 2	0.29
Money Market Funds	183,681	N/A	0.00
Total Fair Value	<u><u>\$2,678,017</u></u>		
Portfolio Weighted Average Maturity			0.70

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the Center's recurring fair value measurements as of June 30, 2024.

Interest Rate Risk - In accordance with the investment policy, the Center manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years.

Credit Risk – It is the Center's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk – The Center's investment policy allows investments in Federal Agencies or Instrumentalities. The Center has invested 82% in Negotiable CDs, 11% in US Treasury Notes and 7% in Money Market Funds.

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. All of the Center's securities are registered in the name of the Center.

Note 4 – Receivables

Receivables at June 30, 2024, consisted of accounts, interest, intergovernmental, and interfund.

Note 5 – Capital Assets

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

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Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	Reclassified Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$31,490	\$0	\$0	\$31,490
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	700,764	0	0	700,764
Equipment	<u>91,399</u>	<u>8,250</u>	<u>0</u>	<u>99,649</u>
Totals at Historical Cost	<u>823,653</u>	<u>8,250</u>	<u>0</u>	<u>831,903</u>
Less Accumulated Depreciation:				
Buildings and Improvements	381,589	26,732	0	408,321
Equipment	<u>51,432</u>	<u>9,773</u>	<u>0</u>	<u>61,205</u>
Total Accumulated Depreciation	<u>433,021</u>	<u>36,505</u>	<u>0</u>	<u>469,526</u>
Governmental Activities Capital Assets, Net	<u>\$390,632</u>	<u>(\$28,255)</u>	<u>\$0</u>	<u>\$362,377</u>

Depreciation expense was charged to governmental functions as follows:

Support Services:

Regular	\$843
Special	2,623
Pupils	450
School Administration	20,069
Fiscal	191
Operations and Maintenance	11,036
Operation of Non-Instructional Services	1,293
Total Depreciation Expense	<u>\$36,505</u>

Note 6 – Long-Term Liabilities

	Beginning Outstanding	Additions	Deductions	Ending Outstanding	Due In One Year
Governmental Activities:					
Compensated Absences	<u>\$642,678</u>	<u>\$89,697</u>	<u>\$59,096</u>	<u>\$673,279</u>	<u>\$84,194</u>
Net Pension Liability	10,576,168	0	552,791	10,023,377	0
Net OPEB Liability	390,576	26,386	0	416,962	0
Total Long-Term Obligations	<u>\$11,609,422</u>	<u>\$116,083</u>	<u>\$611,887</u>	<u>\$11,113,618</u>	<u>\$84,194</u>

Compensated absences will be paid from the fund from which the person is paid. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

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Note 7 - 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.

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 8 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, 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'

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fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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 \$173,146 for fiscal year 2024. Of this amount \$0 is reported as accrued wages and benefits.

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 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

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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.

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

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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.

The Center's contractually required contribution to STRS was \$857,319 for fiscal year 2024. Of this amount \$0 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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	\$1,441,872	\$8,581,505	\$10,023,377
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02609480%	0.03984922%	
Prior Measurement Date	0.02833270%	0.04068225%	
Change in Proportionate Share	-0.00223790%	-0.00083303%	
Pension Expense	\$172,273	\$611,606	\$783,879

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$61,974	\$312,864	\$374,838
Changes of assumptions	10,214	706,733	716,947
Changes in employer proportionate share of net pension liability	54,455	153,956	208,411
Contributions subsequent to the measurement date	173,146	857,319	1,030,465
Total Deferred Outflows of Resources	<u>\$299,789</u>	<u>\$2,030,872</u>	<u>\$2,330,661</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$19,042	\$19,042
Changes of assumptions	0	531,967	531,967
Net difference between projected and actual earnings on pension plan investments	20,267	25,719	45,986
Changes in employer proportionate share of net pension liability	87,542	279,905	367,447
Total Deferred Inflows of Resources	<u>\$107,809</u>	<u>\$856,633</u>	<u>\$964,442</u>

\$1,030,465 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$33,495	(\$147,646)	(\$114,151)
2026	(86,562)	(273,156)	(359,718)
2027	70,827	818,060	888,887
2028	1,074	(80,338)	(79,264)
Total	<u>\$18,834</u>	<u>\$316,920</u>	<u>\$335,754</u>

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.

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

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

	June 30, 2023	June 30, 2022
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 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. 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	<u>100.00%</u>	

Discount Rate

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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 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%
Proportionate share of the net pension liability	\$2,128,130	\$1,441,872	\$863,831

Changes Between the Measurement Date and the Report Date

Governor DeWine signed HB33 in July 2023 authorizing SERS to implement a Contribution Based Benefit Cap beginning August 1, 2024. Any effect on the net pension liability is unknown.

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%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on service	From 2.50% to 8.50% based on age
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

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-

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retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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	<u>1.00%</u>	1.00%
Total	<u><u>100.00%</u></u>	

* Final target weights reflected October 1, 2022.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 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:

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	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$13,196,455	\$8,581,505	\$4,678,520

Changes Between the Measurement Date and the Report Date

In March 2024, the STRS Board made the eligibility rule requiring 34 years of service for an unreduced retirement permanent, effective June 1, 2024. Eligibility for a reduced retirement benefit has been lowered from 30 to 29 years of service. The effect of these changes on the net pension liability is currently unknown.

Note 8 - Defined Benefit OPEB Plans

See Note 7 for a description of the net OPEB liability (asset).

Plan Description - 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.

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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 \$17,158.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was \$17,158 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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 OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability (asset) 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:

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	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$416,962	\$0	\$416,962
Proportionate Share of the Net OPEB (Asset)	0	(775,012)	(775,012)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02530960%	0.03984922%	
Prior Measurement Date	0.02781860%	0.04068225%	
Change in Proportionate Share	-0.00250900%	-0.00083303%	
OPEB Expense	(\$56,939)	(\$59,590)	(\$116,529)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$869	\$1,208	\$2,077
Changes of assumptions	140,987	114,171	255,158
Net difference between projected and actual earnings on OPEB plan investments	3,232	1,383	4,615
Changes in employer proportionate share of net OPEB liability	102,542	4,062	106,604
Contributions subsequent to the measurement date	17,158	0	17,158
Total Deferred Outflows of Resources	<u>\$264,788</u>	<u>\$120,824</u>	<u>\$385,612</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$215,043	\$118,210	\$333,253
Changes of assumptions	118,421	511,342	629,763
Changes in employer proportionate share of net OPEB liability	104,460	10,363	114,823
Total Deferred Inflows of Resources	<u>\$437,924</u>	<u>\$639,915</u>	<u>\$1,077,839</u>

\$17,158 reported as deferred outflows of resources related to OPEB resulting from 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$68,769)	(\$234,514)	(\$303,283)
2026	(61,205)	(105,008)	(166,213)
2027	(31,593)	(39,937)	(71,530)
2028	(11,272)	(53,668)	(64,940)
2029	(7,051)	(49,068)	(56,119)
Thereafter	<u>(10,404)</u>	<u>(36,896)</u>	<u>(47,300)</u>
Total	<u>(\$190,294)</u>	<u>(\$519,091)</u>	<u>(\$709,385)</u>

Southern Ohio Educational Service Center
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For the Fiscal Year Ended June 30, 2024

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:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense	7.00% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048	2044
Municipal Bond Index Rate:		
Measurement Date	3.86%	3.69%
Prior Measurement Date	3.69%	1.92%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.27%	4.08%
Prior Measurement Date	4.08%	2.27%
Health Care Cost Trend Rate	6.75% to 4.40%	7.00% to 4.40%

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

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. 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	<u>100.00%</u>	

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 prior to 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 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.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Sensitivity of the 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%)
Proportionate share of the net OPEB liability	\$532,996	\$416,962	\$325,464
	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%)
Proportionate share of the net OPEB liability	\$306,327	\$416,962	\$563,567

Changes Between Measurement Date and Reporting Date

In September 2023, the SERS Board changed minimum compensation to \$30,000 from \$25,000 for purposes of the surcharge. Any effect on the net OPEB liability is unknown.

Actuarial Assumptions - STRS

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

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 4.14% ultimate	7.50% initial, 3.94% ultimate
Medicare	-10.94% initial, 4.14% ultimate	-68.78% initial, 3.94% ultimate
Prescription Drug		
Pre-Medicare	-11.95% initial, 4.14% ultimate	9.00% initial, 3.94% ultimate
Medicare	1.33% initial, 4.14% ultimate	-5.47% initial, 3.94% ultimate

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

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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	<u><u>100.00%</u></u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual 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 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.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$655,946)	(\$775,012)	(\$878,706)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$883,518)	(\$775,012)	(\$644,319)

Changes Between the Measurement Date and the Reporting date

In March, 2024, the STRS Board made changes to the eligibility for the maximum health care premium subsidy, going into effect initially with the January 2025 benefit. In May, 2024, the Board aligned the eligibility for the health care premium subsidy with the changes to pension eligibility made in March 2024. The effect on the net OPEB liability (asset) is unknown at this time.

Note 9 – Contingent Liabilities

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 is 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. This also encompasses the Auditor of State's ongoing review of student attendance data. 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.

Litigation

The Center's attorney estimates that all other potential claims against the Center not covered by insurance resulting from all other litigation would not materially affect the financial statements of the Center.

Note 10 – 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. The current facility at 3321 Airborne Road is leased from the Great Oaks Career Campuses. The Region 14/Hopewell facility is owned by the Southern Ohio Educational Service Center. Said ownership is a function of the board's role as fiscal agent. The Center contracted with School Insurance Consultants, LLC to provide general liability educator's legal liability, excess liability, and property coverage through an insurance pool with Schools of Ohio Risk Sharing Authority. The plan covers the entire Center, including Region 14/Hopewell, Southern Ohio Learning Center and all classrooms. Cyber and deception Fraud insurance was provided by Assured Partners Capital, Inc.

The Hylant Administrative Services maintains a \$50,000 public official bond for the Treasurer through The Travelers Casualty and Surety Company of America, One Tower Square, Hartford, Connecticut.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

For fiscal year, the Center participated in a State Funded Worker's Compensation program. The rates are based upon the Center's individual experience and the Center participates in Destination Excellence program to combine discounts. The firm of Hunter Consulting, Inc. provides administrative, cost control and actuarial services.

Note 11 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave components are set by the Governing Board and State laws. Eligible employees and administrators earn ten to twenty days of vacation per year, depending upon length of service. Accumulated vacation must be used by the end of the calendar year earned or be lost. Unused vacation time is paid to employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Regular part-time employees are entitled to sick leave and may be proportioned to the percentage of full-time. Sick leave may be accumulated up to the number of workdays specified in the employee's contract, not to exceed 230 days. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave with a maximum payment being limited to 35 days, unless otherwise stated in employment contract.

Health Care Benefits

The Center provides term life insurance, accidental death and dismemberment insurance to all of its eligible employees through the Southwestern Ohio Educational Purchasing Council (SWOEPC), using Unum Life Insurance Company.

The Center provides health care, dental, and vision insurance benefits through the Southwestern Ohio Educational Purchasing Council (SWOEPC), using the United Health Care, Delta Dental and Vision Service Plan providers.

125 Plan

The Center provides its eligible employees an option to participate in a 125 plan. Through election to participate, the employees can have their portion of their medical premiums tax exempt. Participation is renewed annually with each fiscal year during the months of August/September. This plan is administered by the American Fidelity Assurance Company.

Deferred Compensation

457 Plan

The Center provides two IRS Section 457b Plans for deferred compensation. Employees may elect to contribute "before tax" dollars into an annuity type program. Employees may elect to contribute "after tax" to ROTH 457 plans. The Center does not make any employer contributions. One plan is administered by Voya Financial, Inc. and the other plan is administered by Ohio Deferred Compensation. The Center does not make any employer contributions except to those employees who are eligible for post-retirement contributions.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

403b Plan

The Center provides an IRS Section 403b Plan. Employees may elect to contribute “before tax” dollars into a tax sheltered type program. The Center does not make any employer contributions except to those employees who are eligible for post-retirement contributions according to Center’s 403b Plan Document. The plan was administered by a third party administrator, The Omni Group.

Note 12 – Jointly-Governed Organization

Miami Valley Educational Computer Association (MVECA)

The Center is a member of the Miami Valley Educational Computer Association (MVECA) which is a technology support consortium for public schools. MVECA is a council of Governments (COG) and an association of public school 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 General Assembly of MVECA consists of two representatives, the superintendent and the treasurer, from each of the participating school districts. The Board of Directors is elected from this group. The degree of control exercised by any participating district is limited to its representation on the Board. The Center made total payments to MVECA of \$119,430 during 2024 of which \$87,507 was for needed technology (computers/laptops, software, internet provision). To obtain financial information, write to MVECA, 330 East Enon Road, Yellow Springs, Ohio 45387.

Region 14 SST (State Support Team)/Hopewell

Region 14/Hopewell is a jointly governed organization created by the Ohio Department of Education and the participating school districts to offer professional development, technical assistance, and support in areas of school improvement services, special education and early learning school readiness as well as special education and related services to children with special needs in the region. Eighteen local, city and exempted village school districts in Adams, Brown, Clinton, Fayette, and Highland counties receive services from Region 14/Hopewell. This organization is operated under regulations and policies established by the Ohio Department of Education, the Center’s governing board, and its own advisory council. The Region 14/Hopewell Advisory Council is made up of superintendents from the eighteen school districts plus the Center’s superintendent and treasurer, developmental disabilities agencies, joint vocational school superintendents, parents of children with special needs in the region, and other members as specified in law. The Advisory Council provides recommendations to the Center regarding both the Ohio Department of Education/Region 14 Performance Agreement activities and the Region 14/Hopewell Cooperative programs and services. Beginning in February 2016, the Advisory Council transitioned to a Governing Board. The Governing Board is made up of superintendents from the eighteen school districts plus the Center’s superintendent and treasurer, Region 14/Hopewell Director and five parents; one parent of a child with special needs from Adams, Brown, Clinton, Fayette and Highland counties. The Center acts as fiscal agent for the Region 14/Hopewell Center through a written agreement. Region 14/Hopewell receives funding from contracts with each of the member school districts and state and federal grants.

Southwestern Ohio Educational Purchasing Council (SWOEPC)

The Southwestern Ohio Educational Purchasing Council (SWOEPC) is a group purchasing pool consisting of public and private school districts. The purpose of a group purchasing pool is to purchase products or services at a reduced rate. The Center participates with the SWOEPC in the purchase of supplies, audio/visual materials, and the management of unemployment and workers compensation.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 13 – Public Entity Shared Risk Pools

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public and private school districts who are members of the SWOEPC (described above). The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products to provide health benefits to participants at a lower rate than if the individual district acted independently. Each participating district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem or United Healthcare. The Plan is governed by an Executive Committee elected in accordance with the Trust Agreement and voted on by participating SWOEPC member districts.

Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan

In prior fiscal years, the Center participated in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Program (WCGRP) was established through the Southwestern Ohio Educational Purchasing Cooperative (SWOEPC) as a group purchasing pool. The WCGRP's business and affairs are conducted by an Executive Committee. The Executive Director of the SWOEPC, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program. However, in FY2020, the Center did not participate in a group-rating plan for worker's compensation due to claim history. The Center was classified as "state funded."

Note 14 – Related Organization

Great Oaks Career Campuses (Great Oaks)

Every three years, the Center appoints by law one board member to serve on the board of Great Oaks, located in Cincinnati, Ohio. This board member represents the districts of Clinton-Massie Local and Blanchester Local, per their request. All other districts participating from the counties of Clinton, Fayette, and Highland send their own representatives.

Note 15 – State Funding

The Center is funded by the Ohio Department of Education and by its member districts through the ESC Foundation – Statement of Settlement Report.

The state funded portion of the settlement is broken down into two sources of revenue: gifted unit funding and per pupil funding. The gifted funding is based on the number of available units and by the information provided through the Center's Educational Information Management Systems (EMIS). The ESC also receives a state operating subsidy that materializes in the form of a base amount applied to the student count extracted from the latest district report cards and is utilized in the calculation of the local per pupil funding. Please note it is often necessary for ODE to prorate this fund distribution to stay within budget appropriations.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The local (district) funded portion of the settlement is broken down by one source of revenue: per pupil. This source of local revenue is deducted directly from the member districts' state funding formula. Per pupil funding is based on each district's ADM multiplied by \$6.50. Districts may have additional per pupil funding deducted if an agreement is on file with the Ohio Department of Education. The additional per pupil deduction is used to provide funding for services. The Ohio Department of Education supervises the procedure under which the school districts approve or disapprove the additional funding per pupil.

Note 16 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	ESSR	Hopewell/ Region 14	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$6,712	\$821	\$9,261	\$0	\$16,794
Total Nonspendable	6,712	821	9,261	0	16,794
Restricted for:					
Other Grants	0	0	0	5,250	5,250
Data Communication	0	0	0	1,800	1,800
Miscellaneous State Grants	0	0	0	2,500	2,500
Dare Program	0	0	0	15,484	15,484
Hopewell/Region 14	0	0	618,710	0	618,710
Total Restricted	0	0	618,710	25,034	643,744
Assigned to:					
Encumbrances	197,252	0	0	0	197,252
Total Assigned	197,252	0	0	0	197,252
Unassigned (Deficit)	3,404,801	(20,987)	0	(8)	3,383,806
Total Fund Balance	\$3,608,765	(\$20,166)	\$627,971	\$25,026	\$4,241,596

Note 17 – Accountability

The following funds had a deficit fund balance at year end:

	Fund	Amount
Major Fund:		
ESSER		\$20,166
Other Governmental Funds:		
Parent Mentor		8

The general fund is responsible to cover deficit fund balances by means of a transfer or advance. However, this is done when cash is needed rather than when accruals occur.

Southern Ohio Educational Service Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 18 – Implementation of New Accounting Principles

New Accounting Principles

For fiscal year 2024, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections; and portions 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 required identifying a change in major fund reporting that is reflected on the face of the financial statements. For the fiscal year ended June 30, 2024, the ESSER fund, which was formerly a non-major governmental fund is now reported as a major governmental fund.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented in a prior year.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the Center.

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REQUIRED **S**UPPLEMENTARY **I**NFORMATION

Southern Ohio 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 Fiscal Years (1)

Year	Center's Proportion of the Net Pension Liability	Center's Proportionate Share of the Net Pension Liability	Center's Covered Payroll	Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.02609480%	\$1,441,872	\$1,035,250	139.28%	76.06%
2023	0.02833270%	1,532,453	1,058,386	144.79%	75.82%
2022	0.02535940%	935,688	875,343	106.89%	82.86%
2021	0.02447100%	1,618,563	857,900	188.67%	68.55%
2020	0.02803580%	1,677,431	961,785	174.41%	70.85%
2019	0.02597440%	1,487,602	835,926	177.96%	71.36%
2018	0.02621250%	1,566,139	878,836	178.21%	69.50%
2017	0.02798540%	2,048,273	946,864	216.32%	62.98%
2016	0.02886160%	1,646,871	943,829	174.49%	69.16%
2015	0.04985100%	2,522,931	1,441,520	175.02%	71.70%

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

See accompanying notes to the required supplementary information.

Southern Ohio Educational Service Center
 Required Supplementary Information
 Schedule of the Center's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	Center's Contractually Required Contribution	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2024	\$173,146	(\$173,146)	\$0	\$1,236,757	14.00%
2023	144,935	(144,935)	0	1,035,250	14.00%
2022	148,174	(148,174)	0	1,058,386	14.00%
2021	122,548	(122,548)	0	875,343	14.00%
2020	120,106	(120,106)	0	857,900	14.00%
2019	129,841	(129,841)	0	961,785	13.50%
2018	112,850	(112,850)	0	835,926	13.50%
2017	123,037	(123,037)	0	878,836	14.00%
2016	132,561	(132,561)	0	946,864	14.00%
2015	132,136	(132,136)	0	943,829	14.00%

See accompanying notes to the required supplementary information.

Southern Ohio 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 Fiscal Years (1)

Year	Center's Proportion of the Net Pension Liability	Center's Proportionate Share of the Net Pension Liability	Center's Covered Payroll	Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.03984922%	\$8,581,505	\$5,511,979	155.69%	80.02%
2023	0.04068225%	9,043,715	5,413,900	167.05%	78.88%
2022	0.03913829%	5,004,182	4,951,229	101.07%	87.78%
2021	0.03977073%	9,623,102	4,804,279	200.30%	75.48%
2020	0.04190166%	9,266,300	5,033,686	184.09%	77.40%
2019	0.04236678%	9,315,504	4,927,243	189.06%	77.30%
2018	0.04350024%	10,333,575	4,923,093	209.90%	75.30%
2017	0.04508657%	15,091,834	4,879,200	309.31%	66.80%
2016	0.04146890%	11,460,791	4,447,443	257.69%	72.10%
2015	0.03656800%	8,894,603	3,752,989	237.00%	74.70%

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

See accompanying notes to the required supplementary information.

Southern Ohio Educational Service Center
 Required Supplementary Information
 Schedule of the Center's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	Center's Contractually Required Contribution	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2024	\$857,319	(\$857,319)	\$0	\$6,123,707	14.00%
2023	771,677	(771,677)	0	5,511,979	14.00%
2022	757,946	(757,946)	0	5,413,900	14.00%
2021	693,172	(693,172)	0	4,951,229	14.00%
2020	672,599	(672,599)	0	4,804,279	14.00%
2019	704,716	(704,716)	0	5,033,686	14.00%
2018	689,814	(689,814)	0	4,927,243	14.00%
2017	689,233	(689,233)	0	4,923,093	14.00%
2016	683,088	(683,088)	0	4,879,200	14.00%
2015	622,642	(622,642)	0	4,447,443	14.00%

See accompanying notes to the required supplementary information.

Southern Ohio 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 Fiscal Years (1) (2)

Year	Center's Proportion of the Net OPEB Liability	Center's Proportionate Share of the Net OPEB Liability	Center's Covered Payroll	Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.02530960%	\$416,962	\$1,035,250	40.28%	30.02%
2023	0.02781860%	390,576	1,058,386	36.90%	30.34%
2022	0.02383080%	451,017	875,343	51.52%	24.08%
2021	0.02293820%	498,522	857,900	58.11%	18.17%
2020	0.02682690%	674,640	961,785	70.14%	15.57%
2019	0.02625770%	728,460	835,926	87.14%	13.57%
2018	0.02651410%	711,569	878,836	80.97%	12.46%
2017	0.02791190%	795,592	946,864	84.02%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Southern Ohio Educational Service Center
 Required Supplementary Information
 Schedule of the Center's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1) (2)

Year	Center's Contractually Required Contribution (2)	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2024	\$17,158	(\$17,158)	\$0	\$1,236,757	1.39%
2023	10,183	(10,183)	0	1,035,250	0.98%
2022	12,276	(12,276)	0	1,058,386	1.16%
2021	4,605	(4,605)	0	875,343	0.53%
2020	3,123	(3,123)	0	857,900	0.36%
2019	12,259	(12,259)	0	961,785	1.27%
2018	17,951	(17,951)	0	835,926	2.15%
2017	14,055	(14,055)	0	878,836	1.60%
2016	12,021	(12,021)	0	946,864	1.27%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Southern Ohio Educational Service Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB (Asset)/Liability

State Teachers Retirement System of Ohio

Last Eight Fiscal Years (1) (2)

Year	Center's Proportion of the Net OPEB (Asset)/Liability	Center's Proportionate Share of the Net OPEB (Asset)/Liability	Center's Covered Payroll	Center's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2024	0.03984922%	(\$775,012)	\$5,511,979	(14.06%)	168.52%
2023	0.04068225%	(1,053,399)	5,413,900	(19.46%)	230.73%
2022	0.03913829%	(825,199)	4,951,229	(16.67%)	174.73%
2021	0.03977073%	(698,970)	4,804,279	(14.55%)	182.13%
2020	0.04190166%	(693,992)	5,033,686	(13.79%)	174.74%
2019	0.04236678%	(680,791)	4,927,243	(13.82%)	176.00%
2018	0.04350024%	1,697,219	4,923,093	34.47%	47.10%
2017	0.04508657%	2,411,241	4,879,200	49.42%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Southern Ohio Educational Service Center
 Required Supplementary Information
 Schedule of the Center's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

Year	Center's Contractually Required Contribution	Center's Contributions in Relation to the Contractually Required Contributions	Center's Contribution Deficiency (Excess)	Center's Covered Payroll	Center's Contributions as a Percentage of Covered Payroll
2024	\$0	\$0	\$0	\$6,123,707	0.00%
2023	0	0	0	5,511,979	0.00%
2022	0	0	0	5,413,900	0.00%
2021	0	0	0	4,951,229	0.00%
2020	0	0	0	4,804,279	0.00%
2019	0	0	0	5,033,686	0.00%
2018	0	0	0	4,927,243	0.00%
2017	0	0	0	4,923,093	0.00%
2016	0	0	0	4,879,200	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

Note 1 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2023-2024: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

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 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the change in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

Changes in Assumptions:

2023-2024: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2024.

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

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) 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

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

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.

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.

2014-2017: 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 these fiscal years.

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

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

experience.

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

Note 2 - Net OPEB (Asset)/Liability

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.

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) Discount Rate:

Prior Measurement Date	4.08%
Measurement Date	4.27%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.69%
Measurement Date	3.86%

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

Prior Measurement Date	4.08%
Measurement Date	4.27%

(4) The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan increased from 10% to 20%.

(5) The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.

(6) The morbidity factors were updated based on the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries.

(7) An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

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) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%

(2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%

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

Prior Measurement Date	2.27%
Measurement Date	4.08%

(4) Health care trend rates were updated.

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

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) Discount Rate:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (2) Investment Rate of Return:

Prior Measurement Date	7.50%
Measurement Date	7.00%
- (3) Assumed Rate of Inflation:

Prior Measurement Date	3.00%
Measurement Date	2.40%
- (4) Payroll Growth Assumption:

Prior Measurement Date	3.50%
Measurement Date	1.75%
- (5) Assumed Real Wage Growth:

Prior Measurement Date	0.50%
Measurement Date	0.85%
- (6) Municipal Bond Index Rate:

Prior Measurement Date	2.45%
Measurement Date	1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
 - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
 - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

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) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%

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

Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: 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:

Prior Measurement Date	3.70%
Measurement Date	3.22%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%

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

Prior Measurement Date	3.70%
Measurement Date	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) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	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%

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%,

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

- (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:

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: 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. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 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

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

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 2.10% to 1.90% 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: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

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

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

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% to 4.13% 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% to 7.45%. 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

Southern Ohio Educational Service Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

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.

**SOUTHERN OHIO EDUCATIONAL SERVICE CENTER
CLINTON COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> <i>Program / Cluster Title</i>	Assistance Listing Number	Disbursements
<i>Educational Service Center (ESC)</i>		
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed through Ohio Department of Education and Workforce:</i>		
Ohio K-12 School Safety Grant	21.027	100,000
 <u>Special Education Cluster:</u>		
Special Education - Grants to State:		
IDEA Part B - Parent Mentor, FY24	84.027	23,666
IDEA Part B - Parent Mentor, FY23		904
		<u>24,570</u>
 <i>Total Special Education Cluster for Educational Service Center (ESC):</i>		<u>24,570</u>
 Educational Stabilization Fund Grants:		
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	26,025
Elementary and Secondary School Emergency Relief Fund (ESSER):		
COVID-19 American Rescue Plan	84.425U	680,986
<i>Total Education Stabilization Fund Grants:</i>		<u>707,011</u>
 <i>Total Federal Financial Assistance for the ESC:</i>		<u>831,581</u>
 <i>Region 14 State Support Team (Hopewell)</i>		
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed through Ohio Department of Education and Workforce:</i>		
 <u>Special Education Cluster:</u>		
Special Education - Grants to State:		
IDEA Part B - FY23	84.027	1,083,382
IDEA Part B - FY22		37,903
<i>Total Special Education Grants to State (IDEA, Part B)</i>		<u>1,121,285</u>
IDEA Part B - Early Literacy SSIP, FY23	84.027	88,133
IDEA Part B - Early Literacy SSIP, FY22		5,874
<i>Total Special Education Grants to State (EL-SSIP)</i>		<u>94,007</u>
 <i>Total CFDA #84.027</i>		<u>1,215,292</u>
 Special Education - IDEA, Pre-School Grants:		
Early Learning - FY23	84.173	70,514
Early Learning - FY22		4,778
<i>Total Special Education Pre-School Grants</i>		<u>75,292</u>
 Early Literacy State Systemic Improvement Plan (ELSR) FY23	84.173	24,949
Early Literacy State Systemic Improvement Plan (ELSR) FY22		1,756
		<u>26,705</u>
 <i>Total CFDA# 84.173</i>		<u>101,997</u>
 <i>Total Special Education Cluster for Hopewell:</i>		<u>1,317,289</u>
 <i>Total Passed Through The Department of Education and Workforce:</i>		<u>1,317,289</u>
 <i>Total Federal Financial Assistance for the Hopewell:</i>		<u>1,317,289</u>
 <i>TOTAL FEDERAL FINANCIAL ASSISTANCE</i>		<u>\$ 2,148,870</u>

The accompanying notes to this schedule are an integral part of this schedule.

**SOUTHERN OHIO EDUCATIONAL SERVICE CENTER
CLINTON 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 Southern Ohio Educational Service Center (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 or changes in net position 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.



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

Southern Ohio Education Service Center
Clinton County
3321 Airborne Road
Wilmington, Ohio 45177

To the Board of Education:

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, each major fund, and the aggregate remaining fund information of the Southern Ohio Education Service Center, Clinton 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 March 12, 2025. Wherein we noted the Center implemented Governmental Auditing Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Southern Ohio Education Service Center
Clinton County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

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.



Keith Faber
Auditor of State
Columbus, Ohio
March 12, 2025



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Southern Ohio Education Service Center
Clinton County
3321 Airborne Road
Wilmington, Ohio 45177

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Southern Ohio Education Service Center's, Clinton County, (Center) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Southern Ohio Education Service Center's major federal program for the year ended June 30, 2024. Southern Ohio Education Service Center's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Southern Ohio Education Service 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 the 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

The Center's 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.

Southern Ohio Education Service Center
Clinton County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
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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 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.

Southern Ohio Education Service Center
Clinton County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
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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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 12, 2025

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SOUTHERN OHIO EDUCATION SERVICE CENTER
CLINTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



SOUTHERN OHIO EDUCATIONAL SERVICE CENTER

CLINTON 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 3/25/2025

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

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