OHIO AUDITOR OF STATE
KEITH FABER

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
SUMMIT COUNTY
DECEMBER 31, 2022

TABLE OF CONTENTS

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SUMMIT COUNTY
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TABLE OF CONTENTS

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Summit and Medina Workforce Area Council of Governments
Summit County
175 S. Main Street, Suite 209
Akron, Ohio 44308

To the Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and the major fund of the Summit and Medina Workforce Area Council of Governments, Summit County, Ohio (COG) a component unit of Summit County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the COG'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 financial position of the Summit and Medina Workforce Area Council of Governments, Summit County, Ohio as of December 31, 2022, and the 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 Opinion

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2022, the COG adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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 COG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the COG'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 COG'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, 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 an opinion on the financial statements that collectively comprise the COG'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 September 5, 2023, on our consideration of the COG'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 COG'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 COG's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

September 5, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The discussion and analysis of the Summit and Medina Workforce Area Council of Governments' (the "COG") financial performance provides an overall review of the COG's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the COG'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 COG's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position was a deficit of $817,779 at December 31, 2022. This represents a decrease of the deficit of $4,159, or 0.51%, from December 31, 2021.

- Governmental activities program revenues, in the form of grants and contributions, accounted for $5,555,873 or 92.59% of total governmental revenues. General revenues accounted for $444,920 or 7.41% of total governmental revenues of $6,000,793.

- The COG had $5,996,634 in expenses related to governmental activities. Program revenues were not adequate to provide for these programs.

- The COG's only major fund is the general fund. The general fund had total revenues of $5,884,305 and total expenditures of $5,913,885. The general fund's fund balance decreased $29,580 from a deficit balance of $724,607 to a deficit balance of $754,187.

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the COG 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 COG, presenting both an aggregate view of the COG'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 COG's most significant funds with all other nonmajor funds presented in total in one column. In the case of the COG, the general fund is by far the most significant fund, as it's the only governmental fund.

Reporting the COG as a Whole

Statement of Net Position and the Statement of Activities

This document looks at all financial transactions and asks the question, "How did the COG do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the COG's net position and changes in net position. This change in net position is important because it tells the reader that, for the COG as a whole, the financial position of the COG has improved or diminished.

All of the COG's programs and services are reported as governmental activities in the statement of net position and the statement of activities. Governmental activities consist of functions that are primarily supported by intergovernmental revenues. Activities include U.S. Department of Labor Workforce Innovation and Opportunity Act programs (Adult, Dislocated Worker, Youth, Rapid Response, and Administration) and other funding streams, as available.

The COG's statement of net position and statement of activities can be found on pages 11 and 12 of this report.

Reporting the COG's Most Significant Funds

Fund Financial Statements

The analysis of the COG's major governmental fund begins on page 9. Fund financial reports provide detailed information about the COG's major fund. The COG has only one fund to account for a multitude of financial transactions. The COG's major governmental fund is the general fund.

Governmental Funds

All of the COG's activities are reported in a governmental fund, which focus on how money flows into and out of it and the balances left at year end available for spending in future periods. The fund is 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 financial statements provide a detailed short-term view of the COG'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 its programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental fund is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 13-16 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 17-41 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the COG's net pension liability/asset and net Other Post-Employment Benefits (OPEB) liability/asset. The required supplementary information can be found on pages 44-53 of this report.

The table below provides a summary of the COG's net position at December 31, 2022 and 2021. Amounts for 2021 have been restated as described in Note 14.

Net Position

	Net Position	
	Governmental Activities 2022	Restated Governmental Activities 2021
Assets		
Current and other assets	$ 458,391	$ 414,177
Capital assets, net	6,073,860	6,565,924
Total assets	6,532,251	6,980,101
Deferred Outflows of Resources		
Pensions	127,406	49,889
OPEB	16,148	26,486
Total deferred outflows of resources	143,554	76,375
Liabilities		
Current liabilities	868,348	953,863
Long-term liabilities:		
Due within one year	383,824	57,959
Due in more than one year:		
Net pension liability	104,231	115,205
Other amounts	5,911,763	6,582,198
Total liabilities	7,268,166	7,709,225
Deferred Inflows of Resources		
Pensions	159,370	92,000
OPEB	66,048	77,189
Total deferred inflows of resources	225,418	169,189
Net Position		
Net investment in capital assets	(148,290)	-
Unrestricted (deficit)	(669,489)	(821,938)
Total net position	$ (817,779)	$ (821,938)

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the COG's net position totaled a deficit $817,779.

Current assets increased due to an increase in the net pension and net OPEB asset. The COG reports its portion of the pension's system overall net pension/OPEB asset. Current liabilities decreased primarily due to a decrease in accounts payable for expenses incurred during the year, but not paid until after the year end.

Total long-term liabilities decreased from the prior year. The COG made its required lease payments during the year, which led to a decrease in the lease payable.

On December 31, 2022, capital assets include intangible right to use leased buildings. The COG's net investment in capital assets as of December 31, 2022, was a deficit of $148,290.

The COG does not have any net position that represents resources that are subject to external restriction on how they may be used. The COG's unrestricted net position is deficit of $669,489.

The table below shows the changes in net position for 2022 and 2021.

Change in Net Position

	2022	2021
Revenues:		
Program revenues:		
Operating grants	$ 5,555,873	$ 5,465,664
General revenues:		
Other	444,920	401,256
Total revenues	6,000,793	5,866,920
Expenses:		
Human services:		
Employment and training program	5,678,266	5,939,527
Interest and fiscal charges	318,368	-
Total expenses	5,996,634	5,939,527
Change in net position	4,159	(72,607)
Net position at beginning of year	(821,938)	(749,331)
Net position at end of year	$ (817,779)	$ (821,938)

The COG relies upon grant revenues from the State of Ohio and the federal government to support its programs. Operating grants and other revenues increased due to the COG receiving more monies from the State and Federal governments. The increase in funding lead to the COG spending more money on its various programs.

General Fund

The focus of the COG's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the COG's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, the COG's general fund reported an ending deficit fund balance of $754,187. This is an increase of the deficit of $29,580, or 4.08% from the prior year. The general fund had $5,884,305 in revenues and $5,913,885 in expenditures. As the COG only has one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliations and notes to the financial statements.

General Fund Budgeting Highlights

The COG's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year. The COG's annual budget is not prescribed by Ohio Revised Code or subject to formal budget commission procedures.

Capital Assets

At December 31, 2022, the COG had $6,073,860 of capital assets net of accumulated amortization. The COGs only capital assets are intangible right to use leased buildings. See Note 13 to the basic financial statements for further detail.

Debt Obligations

At December 31, 2022, the COG had $6,222,150 in long term leases payable. See Note 9 to the basic financial statements for further detail.

Contacting the COG's Financial Management

This financial report is designed to provide our members, customers, investors and creditors with a general overview of the COG's finances and to show the COG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Christine Marshall, Executive Director, 175 South Main Street, Suite 209, Akron, Ohio 44308.

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
Assets:	
Receivables:	
Accounts	$ 114,727
Intergovernmental	106,075
Prepayments	74,871
Net pension asset	98,791
Net OPEB asset	63,927
Capital assets:	
Amortized capital assets, net	6,073,860
Total capital assets, net	6,073,860
Total assets	6,532,251
Deferred outflows of resources:	
Pension	127,406
OPEB	16,148
Total deferred outflows of resources	143,554
Liabilities:	
Accounts payable	388,824
Accrued wages and benefits payable	16,878
Intergovernmental payable	83,200
Accrued interest payable	25,926
Due to fiscal agent	353,520
Long-term liabilities:	
Due within one year	383,824
Due in more than one year	
Net pension liability	104,231
Other amounts due in more than one year	5,911,763
Total liabilities	7,268,166
Deferred inflows of resources:	
Pension	159,370
OPEB	66,048
Total deferred inflows of resources	225,418
Net position:	
Net investment in capital assets	(148,290)
Unrestricted (deficit)	(669,489)
Total net position (deficit)	$ (817,779)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:			
Human Services:			
Employment and Training Program	$ 5,678,266	$ 5,555,873	$ (122,393)
Interest and fiscal charges	318,368	-	(318,368)
Total governmental activities	$ 5,996,634	$ 5,555,873	(440,761)
	General revenues:		
	Miscellaneous		444,920
	Change in net position		4,159
	Net position (deficit) at beginning of year		(821,938)
	Net position (deficit) at end of year		$ (817,779)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2022

		General
Assets:		
Receivables:		
Accounts	$	114,727
Intergovernmental		106,075
Prepayments		74,871
Total assets	$	295,673
Liabilities:		
Accounts payable	$	388,824
Accrued wages and benefits payable		16,878
Intergovernmental payable		83,200
Due to Fiscal Agent		353,520
Total liabilities		842,422
Deferred inflows of resources:		
Intergovernmental revenue not available		100,518
Non-governmental reimbursement revenue not available		106,920
Total deferred inflows of resources		207,438
Fund balances:		
Nonspendable		74,871
Unassigned (deficit)		(829,058)
Total fund balances (deficit)		(754,187)
Total liabilities, deferred inflows of resources and fund balances	$	295,673

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balance (deficit)		$	(754,187)
Amounts reported for governmental activities on the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,073,860
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Intergovernmental receivable	100,518		
Non governmental reimbursement receivable	106,920		
			207,438
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.			(25,926)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:			
Deferred outflows of resources - pension	127,406		
Deferred inflows of resources - pension	(159,370)		
Net pension asset	98,791		
Net pension liability.	(104,231)		
Total			(37,404)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:			
Deferred outflows of resources - OPEB	16,148		
Deferred inflows of resources - OPEB	(66,048)		
Net OPEB asset	63,927		
Total			14,027
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences	(73,437)		
Lease payable	(6,222,150)		
Total			(6,295,587)
Net position (deficit) of governmental activities		$	(817,779)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

		General
Revenues:		
Intergovernmental	$	5,463,724
Other		420,581
Total revenues		5,884,305
Expenditures:		
Current:		
Human Services:		
Employment and Training Program		5,277,669
Debt service:		
Principal retirement		343,774
Interest and fiscal charges		292,442
Total expenditures		5,913,885
Net change in fund balance		(29,580)
Fund balance (deficit) at beginning of year		(724,607)
Fund balance (deficit) at end of year	$	(754,187)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - total governmental fund		$ (29,580)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeds capital outlay in the current period.		
Current year amortization		(492,064)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental revenues	92,149	
Non governmental reimbursement revenues	24,339	
Total		116,488
Repayment of lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		343,774
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
(Increase) in accrued interest payable		(25,926)
Contractually required pension contributions are reported as expenditures in the funds; however, the statement of net position reports these amounts as deferred outflows.		51,557
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/asset are reported as pension expense in the statement of activities.		(353)
Contractually required OPEB contributions are reported as expenditures in the funds; however, the statement of net position reports these these amounts as deferred outflows.		729
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset are reported as OPEB expense in the statement of activities.		38,738
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		796
Change in net position of governmental activities		$ 4,159

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRPTION OF THE REPORTING ENTITY

The Workforce Innovation and Opportunity Act of 2014 ("WIOA") is a federally funded program that provides employment and job training services to eligible adults, dislocated workers and youth. The United States Department of Labor (DOL) is the federal agency responsible for the program. The Ohio Department of Job and Family Services (ODJFS) is the oversight agency for the State of Ohio. The ODJFS has designated Summit and Medina Counties as Local Workforce Area 2 (Area 2) for the purposes of providing services under WIOA.

The WIOA envisions a workforce development system that is focused on job seekers, businesses and the needs of regional economics, and requires workforce development boards and chief elected officials to design and govern the system regionally, aligning workforce policies and services with regional economics and supporting service delivery strategies tailored to those needs. Area 2 administers Summit and Medina County workforce development activities.

Summit and Medina Workforce Area Council of Governments (the "COG") was established in accordance with Ohio Revised Code 167 to provide the governance structure for the Area 2 to carry out its mandated functions of planning, contracting and assessing workforce development programs and to more clearly establish that local elected officials have ultimate responsibility for the WIOA funds.

Summit and Medina Counties are the sole members of the COG. Each county has a single seat of representation on the COG's Board. The primary representative serving in these seats shall be one of the Medina County Commissioners and the Summit County Executive.

In accordance with the 2021/22 Subgrant Agreement by and between ODJFS and Area 2, the Summit County Department of Finance and Budget is designated by the COG as the Fiscal Agent for the purposes of administration and disbursement of WIOA funds. The Summit County Department of Job and Family Services (SCDJFS), an agency that is under the governance of the County Executive and the Summit County Council, serves as a sub-fiscal agent for Area 2, paying invoices as approved by the COG office and producing budget reports for both the Area's Workforce Development (WDB) and COG Boards. A system of two fiscal agents was created to provide for checks and balances, due foremost to SCDJFS serving as the One-Stop Operator for Area 2's OhioMeansJobs Summit County center. Additionally, it intends to prevent any conflicts of interest with the State of Ohio's creation of the Comprehensive Case Management Employment Program (CCMEP) which requires a local Area WDB designate that its WIOA youth funds can be used for implementation of CCMEP by a CCMEP Lead Agency for which SCDJFS was named by the Summit County Executive.

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the COG are not misleading. On this basis, no governmental organizations other than the COG itself are included in the financial reporting entity. The COG is considered a component unit of Summit County for reporting purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the COG as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the COG that are governmental and those that are considered business-type. The COG, however, does not have business-type activities.

The statement of net position presents the financial condition of the governmental activities of the COG at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the COG'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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the COG, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program self-financing or draws from the general revenues of the COG.

Fund Financial Statements - During the year, the COG segregates transactions related to certain COG functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the COG at this more detailed level. The COG only has one fund, the general fund.

B. Fund Accounting

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 repaid. 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 is the COG's only governmental fund:

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

C. Measurement Focus

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

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

Fund Financial Statements - The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balance 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 reconciliations with brief explanations to better identify the relationship between governmentwide statements and the statements for the governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred inflows/outflows of resources, and in the presentation of expenses 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the COG, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the COG receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the 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 COG must provide resources to be used for a specified purpose, and expenditure requirements, in which the resources provided to the COG on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 7 and 8 for deferred outflows of resources related to net pension liability/asset and net OPEB asset, respectively.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 7 and 8 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

E. Budgetary Data

The COG is not bound by the budgetary laws prescribed by the Ohio Revised Code for governmental entities.

The budgetary process that is followed by the COG is for control purposes and is set forth in its Control Policies. The annual organizational budget must be completed at least thirty days prior to the end of the preceding fiscal year and approved by the Board of Directors no later than the end of the preceding fiscal year. In the absence of an annual organizational budget, the Executive Director lacks the authority and the official capacity to make any financial decisions for the organization.

F. Cash and Cash Equivalents

The Summit County Fiscal Officer is the custodian for the COG's cash. The COG's assets are held in Summit County's cash and investment pool and are valued at the County's reported carrying amount.

G. Capital Assets

The COG does not own any capital assets. All capital assets used by the COG are owned by either Summit or Medina County.

The COG does report intangible right to use assets related to leased buildings. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset (5 – 15 years).

H. 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 employer will compensate the employees for the benefits through paid time off or some other means.

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the COG has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at year end, taking into consideration any limits specified in the COG's termination policy.

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

I. Prepaids

Amounts recorded for prepaid items represent the unamortized portion of insurance policies that expire in 2022 or later. Governmental funds use the purchase method of accounting whereby insurance is recognized as an expenditure when purchased.

J. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related 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.

K. Accrued Liabilities and Long-Term Obligations

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

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements. Net pension liability is recognized in the governmental funds to the extent that benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits.

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the COG classifies its fund balance based on the purpose for which the resources were received, and the level of constraint placed on the resources. The classifications are as follows:

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the COG for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by COG. The COG may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

The COG 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.

M. Net Position

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

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

N. Estimates

The preparation of the financial statements in conformity with GAAP 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 - FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the COG is bound to observe constraints imposed upon the use of the resources in the governmental fund. At year-end, the COG reported $74,871 in nonspendable fund balance related to prepaid assets and the remaining unassigned fund balance was a deficit of $829,058.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Summit County Fiscal Officer maintains a cash pool used by all of the Summit County's funds, including those of the COG. The Ohio Revised Code prescribes allowable deposits and investments. Summit County, as the fiscal agent, is responsible for maintaining adequate depositor collateral for all funds in the County's pooled cash and deposit accounts.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2022, consisted of intergovernmental receivables and accounts receivable.

Intergovernmental receivables represent amounts due the COG from the Ohio Department of Jobs and Family Services for grant funds earned but not received and for Memorandum of Understanding (MOU) receipts due the COG from government agency MOU Partners. Accounts receivable represent MOU receipts due the COG from non-government agency MOU Partners.

MOU receipts are reimbursements from MOU Partners (both government agency partners and non-government agency partners) for operation of both the Medina and Summit OhioMeansJobs Centers and are calculated based upon Full Time Equivalent (FTE) count and actual expenses.

All receivables are considered fully collectible and expected to be received within one year.

NOTE 6 - COMPENSATED ABSENCES

Vacation is accumulated at varying rates ranging from two to five weeks per year depending on length of service. Accumulated vacation may be carried over into the next year. However, the maximum amount allowed to carry forward is three times the employee's annual accrual rate, which is based on years of service. However, unused vacation at the time of retirement or termination of employment cannot exceed three times the annual accrual rate.

This maximum payment of accumulated vacation time would be equal to 600 hours. All employees earn sick leave at the rate of 4.6 hours for each 80 hours of work completed. Sick leave vests with 10 years' service at age 60, 25 years' service at age 55- or 30-years' service at any age. Although the sick leave vests as noted above, the COG records a liability for sick leave for all employees with service time of more than 14 years (including prior service with other governmental agencies). Employees are paid at one-half of the accumulated sick time up to a maximum payment equal to 720 hours. All sick leave and vacation payments are made at employees' current wage rates.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Asset

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 8 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The COG's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $51,557 for 2022. Of this amount, $6,374 is reported as intergovernmental payable.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The COG's proportion of the net pension liability or asset was based on the COG'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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.00077800%	0.02380200%	0.00000000%	
Proportion of the net pension liability/asset current measurement date	0.00119800%	0.02484400%	0.00498100%	
Change in proportionate share	0.00042000%	0.00104200%	0.00498100%	
Proportionate share of the net pension liability	$ 104,231	$ -	$ -	$ 104,231
Proportionate share of the net pension asset	-	97,887	904	98,791
Pension expense	4,030	(3,532)	(145)	353

At December 31, 2022, the COG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member-Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 5,314	$ 607	$ 894	$ 6,815
Changes of assumptions	13,034	4,921	28	17,983
Changes in employer's proportionate percentage/ difference between employer contributions	51,051	-	-	51,051
Contributions subsequent to the measurement date	35,760	13,976	1,821	51,557
Total deferred outflows of resources	$ 105,159	$ 19,504	$ 2,743	$ 127,406

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	$ 2,285	$ 10,955	$ -	$ 13,240
Net difference between projected and actual earnings on pension plan investments	123,979	20,985	205	145,169
Changes in employer's proportionate percentage/ difference between employer contributions	961	-	-	961
Total deferred inflows of resources	$ 127,225	$ 31,940	$ 205	$ 159,370

$51,557 reported as deferred outflows of resources related to pension resulting from COG contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	Total
Year Ending December 31:				
2023	$ 19,050	$ (6,433)	$ 88	$ 12,705
2024	(27,998)	(8,891)	67	(36,822)
2025	(29,154)	(5,832)	85	(34,901)
2026	(19,724)	(4,306)	88	(23,942)
2027	-	(571)	112	(459)
Thereafter	-	(379)	277	(102)
Total	$ (57,826)	$ (26,412)	$ 717	$ (83,521)

Actuarial Assumptions - OPERS

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
COG's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 274,809	$ 104,231	$ (37,713)
Combined Plan	(73,041)	(97,887)	(117,264)
Member-Directed Plan	(797)	(904)	(996)

NOTE 8 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The COG's contractually required contribution was $729 for 2022. Of this amount, $90 is reported as intergovernmental payable.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The COG's proportion of the net OPEB asset was based on the COG's share of contributions to the retirement plan relative to the contributions of all participating entities.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS
Proportion of the net OPEB liability/asset prior measurement date	0.00141800%
Proportion of the net OPEB liability/asset current measurement date	0.00204100%
Change in proportionate share	0.00062300%
Proportionate share of the net OPEB asset	63,927
OPEB expense	(38,738)

At December 31, 2022, the COG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Changes in employer's proportionate percentage/ difference between employer contributions	$ 15,419
Contributions subsequent to the measurement date	729
Total deferred outflows of resources	$ 16,148

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	$ 9,696
Net difference between projected and actual earnings on OPEB plan investments	30,474
Changes of assumptions	25,878
Total deferred inflows of resources	$ 66,048

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

$729 reported as deferred outflows of resources related to OPEB resulting from COG contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

	OPERS
Year Ending December 31:	
2023	$ (29,187)
2024	(10,407)
2025	(6,659)
2026	(4,376)
Total	$ (50,629)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the COG's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
COG's proportionate share of the net OPEB asset	$ 37,595	$ 63,927	$ 85,783

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the COG's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate **-** Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
COG's proportionate share of the net OPEB asset	$ 64,618	$ 63,927	$ 63,108

NOTE 9 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 87 (see Note 14 for detail), the COG has reported obligations for leases payable which are reflected in the schedule below. Changes in long-term obligations during the year ended December 31, 2022 consisted of the following:

	Restated Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Due within One Year
Compensated Absences	$ 74,233	$ 57,163	$ (57,959)	$ 73,437	$ 54,649
Leases payable	6,565,924	-	(343,774)	6,222,150	329,175
Net Pension Liability	115,205	-	(10,974)	104,231	-
Total	$ 6,755,362	$ 57,163	$ (412,707)	$ 6,399,818	$ 383,824

Net Pension Liability - The COG's net pension liability is described in Note 7. The COG pays obligations related to employee compensation from the general fund.

Compensated Absences - Compensated absences will be paid from the general fund. See Note 6 for detail on compensated absences.

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The COG has entered into lease agreements for office space in buildings at varying years and terms as follows:

Purpose	Lease Commencement Date	Years	Lease End Date	Payment Method
Building	2021	6	2027	Monthly
Building	2019	5	2024	Monthly
Building	2021	15	2036	Monthly

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

Fiscal Year	Principal	Interest	Total
2023	$ 329,175	$ 303,669	$ 632,844
2024	333,850	286,842	620,692
2025	330,926	270,478	601,404
2026	360,010	253,346	613,356
2027	387,204	234,624	621,828
2028 - 2032	2,347,064	847,301	3,194,365
2033 - 2036	2,133,921	197,751	2,331,672
Total	$ 6,222,150	$ 2,394,011	$ 8,616,161

NOTE 10 – RISK MANAGEMENT

The COG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the COG maintained suitable insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in 3 years.

NOTE 11 – CONTINGENCIES

The COG receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2022 will not have a material adverse effect on the COG.

The COG was not a defendant in any lawsuits at year end.

NOTE 12 - COMMITMENTS

The COG utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance if not reflected as payables. At year end, the COG’s commitments for encumbrances in the general fund were $372,785.

NOTE 13 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 14 for detail), the COG has reported capital assets for the right to use leased equipment which are reflected in the schedule below. Capital asset activity for governmental activities for the fiscal year ended December 31, 2022, was as follows:

	Restated Balance 07/01/21	Additions	Disposals	Balance 06/30/22
Governmental activities:				
Capital assets, being amortized:				
Intangible right to use:				
Leased buildings	6,565,924	-	-	6,565,924
Total capital assets, being amortized	6,565,924	-	-	6,565,924
Less: accumulated amortization:				
Intangible right to use:				
Leased buildings	-	(492,064)	-	(492,064)
Total accumulated amortization	-	(492,064)	-	(492,064)
Total capital assets, being amortized, net	6,565,924	(492,064)	-	6,073,860
Governmental activities capital assets, net	$ 6,565,924	$ (492,064)	$ -	$ 6,073,860

Amortization expense was charged to governmental functions as follows:

Instruction:	
Human services	$ 492,064

NOTE 14 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2022, the COG has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Implementation Guide 2020-1, "*Implementation Guide Update - 2020*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 97, " *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*" and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

NOTE 14 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

These changes were incorporated in the COG's 2022 financial statements. The COG recognized $6,565,924 in governmental activities in leases payable at January 1, 2022; however, this entire amount was offset by the intangible asset, right to use lease - buildings.

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

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

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the COG.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the COG.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the COG.

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

NOTE 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2022, the COG received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the COG. The impact on the COG's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	2022	2021	2020	2019
Traditional Plan:				
COG's proportion of the net pension liability	0.001198%	0.000778%	0.000768%	0.001060%
COG's proportionate share of the net pension liability	$ 104,231	$ 115,205	$ 151,800	$ 290,313
COG's covered payroll	$ 190,136	$ 111,771	$ 109,464	$ 150,343
COG's proportionate share of the net pension liability as a percentage of its covered payroll	54.82%	103.07%	138.68%	193.10%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%
Combined Plan:				
COG's proportion of the net pension asset	0.024844%	0.023802%	0.019114%	0.009028%
COG's proportionate share of the net pension asset	$ 97,887	$ 68,708	$ 39,857	$ 10,095
COG's covered payroll	$ 113,257	$ 104,893	$ 85,086	$ 38,614
COG's proportionate share of the net pension asset as a percentage of its covered payroll	86.43%	65.50%	46.84%	26.14%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%
Member Directed Plan:				
COG's proportion of the net pension asset	0.004981%			
COG's proportionate share of the net pension asset	$ 904			
COG's covered payroll	$ 31,230			
COG's proportionate share of the net pension asset as a percentage of its covered payroll	2.89%			
Plan fiduciary net position as a percentage of the total pension asset	171.84%			

Note: The COG began operations on July 1, 2017. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Information prior to 2019 was unavailable for the Combined Plan. Information prior to 2022 was unavailable for the Member Directed Plan.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018
0.000813%
$ 127,544
$ 107,400
118.76%
84.66%

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2022	2021	2020	2019
Traditional Plan:				
Contractually required contribution	$ 35,760	$ 26,619	$ 15,648	$ 15,325
Contributions in relation to the contractually required contribution	(35,760)	(26,619)	(15,648)	(15,325)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
COG's covered payroll	$ 255,429	$ 190,136	$ 111,771	$ 109,464
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
Combined Plan:				
Contractually required contribution	$ 13,976	$ 15,856	$ 14,685	$ 11,912
Contributions in relation to the contractually required contribution	(13,976)	(15,856)	(14,685)	(11,912)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
COG's covered payroll	$ 99,829	$ 113,257	$ 104,893	$ 85,086
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
Member Directed Plan:				
Contractually required contribution	$ 1,821	$ 3,123	$ -	$ -
Contributions in relation to the contractually required contribution	(1,821)	(3,123)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
COG's covered payroll	$ 18,210	$ 31,230	$ -	$ -
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: The COG began operations on July 1, 2017. Information prior to 2018 and 2021 for the combined plan and Member Directed plan was unavailable, respectively. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017
$ 21,048	$ 13,962
(21,048)	(13,962)
$ -	$ -
$ 150,343	$ 107,400
14.00%	13.00%
$ 5,406	$ -
(5,406)	-
$ -	$ -
$ 38,614	$ -
14.00%	13.00%
$ -	$ -
-	-
$ -	$ -
$ -	$ -
10.00%	10.00%

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	2022	**2021**	**2020**	**2019**
COG's proportion of the net OPEB liability/asset	0.002041%	0.001418%	0.001278%	0.001253%
COG's proportionate share of the net OPEB liability/(asset)	$ (63,927)	$ (25,263)	$ 176,525	$ 163,362
COG's covered payroll	$ 334,623	$ 216,664	$ 194,550	$ 188,957
COG's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.10%	11.66%	90.74%	86.45%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

Note: The COG began operations on July 1, 2017. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018
	0.000760%
$	82,530
$	107,400
	76.84%
	54.14%

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 729	$ 1,249	$ -	$ -
Contributions in relation to the contractually required contribution	(729)	(1,249)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
COG's covered payroll	$ 373,468	$ 334,623	$ 216,664	$ 194,550
Contributions as a percentage of covered payroll	0.20%	0.37%	0.00%	0.00%

Note: The COG began operations on July 1, 2017. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017
	$ -	$ 1,074
	-	(1,074)
	$ -	$ -
	$ 188,957	$ 107,400
	0.00%	1.00%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

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

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SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS
(A COMPONENT UNIT OF SUMMIT COUNTY)
SUMMIT COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF LABOR				
(Passed through Ohio Department of Job and Family Services)				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities -				
OMJ Resource Sharing - SFY22	17.207	G-2223-15-0043		$ 64,946
OMJ Resource Sharing - SFY23		G-2223-15-0043		24,793
Total OMJ Resource Sharing (CFDA 17.207)				89,739
Total Employment Service Cluster				89,739
Unemployment Insurance - RESEA Program - PY22	17.225	G-2223-15-0043		226,915
Trade Adjustment Assistance - OMJ Resource Sharing - SFY22	17.245	G-2223-15-0043		10,136
Trade Adjustment Assistance - OMJ Resource Sharing - SFY23		G-2223-15-0043		3,952
Total Trade Adjustment Assistance (CFDA 17.245)				14,088
Workforce Innovation & Opportunity Act (WIOA) Cluster:				
WIOA Adult Program - Administration - PY20	17.258	G-2223-15-0043		3,848
WIOA Adult Program - Administration - FY21		G-2223-15-0043	874	136,034
WIOA Adult Program - PY21		G-2223-15-0043	247,054	264,868
WIOA Adult Program - FY21		G-2223-15-0043	585,935	606,181
WIOA Adult Program - FY22		G-2223-15-0043	359,755	380,930
WIOA Dislocated Worker Program - Business Resource Network - SFY21		G-2223-15-0043	179,703	182,560
WIOA Adult Program - OMJ Resource Sharing - SFY22		G-2223-15-0043		3,382
WIOA Adult Program - OMJ Resource Sharing - SFY23		G-2223-15-0043		1,224
WIOA Adult Program - State Special Projects		G-2223-15-0043		24,300
Total WIOA Adult Program (CFDA 17.258)			1,373,321	1,603,327
WIOA CCMEP Youth Program - Administration - PY20	17.259	G-2223-15-0043		7,160
WIOA CCMEP Youth Program - Administration - PY21		G-2223-15-0043		176,040
WIOA CCMEP Youth Program - PY20		G-2223-15-0043	587,593	696,992
WIOA CCMEP Youth Program - PY21		G-2223-15-0043	216,497	291,871
Total WIOA Youth Program (CFDA 17.259)			804,090	1,172,063
WIOA Dislocated Worker Program - Administration - PY20	17.278	G-2223-15-0043		18,669
WIOA Dislocated Worker Program - Administration - PY21		G-2223-15-0043		2,938
WIOA Dislocated Worker Program - Administration - FY21		G-2223-15-0043		84,128
WIOA Dislocated Worker Program - FY21		G-2223-15-0043	301,985	706,871
WIOA Dislocated Worker Program - PY21		G-2223-15-0043	64,346	172,273
WIOA Dislocated Worker Program - FY22		G-2223-15-0043	377,977	728,812
WIOA Dislocated Worker Program - OMJ Resource Sharing - SFY22		G-2223-15-0043		2,627
WIOA Dislocated Worker Program - OMJ Resource Sharing - SFY23		G-2223-15-0043		952
Total WIOA Dislocated Worker Program (CFDA 17.278)			744,308	1,717,270
Total WIOA Cluster			2,921,719	4,492,660
WIOA National Dislocated Worker Grants - Opiod #3 - Administration	17.277	G-2223-15-0043		16,422
WIOA National Dislocated Worker Grants - Opiod #3		G-2223-15-0043	56,124	64,887
WIOA National Dislocated Worker Grants - Fresh Start - Administration				4,599
WIOA National Dislocated Worker Grants - Fresh Start			11,127	11,127
COVID-19 WIOA National Dislocated Worker Grants - Employment Recovery - Administration		G-2223-15-0043		871
COVID-19 WIOA National Dislocated Worker Grants - Employment Recovery		G-2223-15-0043		258,361
Total WIOA National Dislocated Worker Grants (CFDA 17.277)			67,251	356,267
TOTAL U.S. DEPARTMENT OF LABOR			**2,988,970**	**5,179,669**
TOTAL EXPENDITURE OF FEDERAL AWARDS			**$ 2,988,970**	**$ 5,179,669**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Summit and Medina Workforce Area Council of Governments (the "COG") under programs of the federal government for the year ended December 31, 2022. 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 COG, it is not intended to and does not present the financial position or changes in net position of the COG.

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

NOTE D - SUBRECIPIENTS

The COG passes certain federal awards received from the U.S. Department of Labor to other governments or not-for-profit agencies (subrecipients). As Note B describes, the COG reports expenditures of Federal awards to subrecipients when paid in cash. As a subrecipient, the COG has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the COG to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The COG has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Summit and Medina Workforce Area Council of Governments
Summit County
175 S. Main Street, Suite 209
Akron, Ohio 44308

To the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities and the major fund of the Summit and Medina Workforce Area Council of Governments , Summit County, (the COG) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the COG's basic financial statements and have issued our report thereon dated September 5, 2023, wherein we noted the COG adopted new accounting guidance in Governmental Accounting Standards Board Statement 87, *Leases*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the COG'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 COG's internal control. Accordingly, we do not express an opinion on the effectiveness of the COG'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 COG'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the COG'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 COG'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 COG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

September 5, 2023

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad 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

Summit and Medina Workforce Area Council of Governments
Summit County
175 S. Main Street, Suite 209
Akron, Ohio 44308

To the Board:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Summit and Medina Workforce Area Council of Governments', Summit County, (COG) 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 (each of) Summit and Medina Workforce Area Council of Governments' major federal program for the year ended December 31, 2022. Summit and Medina Workforce Area Council of Governments' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Summit and Medina Workforce Area Council of Governments 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 December 31, 2022.

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 COG 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 COG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The COG'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 COG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the COG'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 COG'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 COG'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 COG'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 COG's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of 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

September 5, 2023

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SUMMIT & MEDINA WORKFORCE AREA COG
SUMMIT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2022

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):**	Workforce Innovation and Opportunity Act 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

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OHIO AUDITOR OF STATE
KEITH FABER

SUMMIT AND MEDINA WORKFORCE AREA COUNCIL OF GOVERNMENTS

SUMMIT 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 9/28/2023

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