



**GREENE COUNTY EDUCATIONAL SERVICE CENTER
GREENE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**GREENE COUNTY EDUCATIONAL SERVICE CENTER
GREENE COUNTY
JUNE 30, 2024**

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GREENE COUNTY
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OHIO AUDITOR OF STATE KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Greene County Educational Service Center
Greene County
360 East Enon Road
Yellow Springs, Ohio 45387

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Educational Service Center's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the General Fund and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the General Fund and the Schedule of Expenditures of Federal Awards are 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 February 28, 2025, on our consideration of the Educational Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Educational Service Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Educational Service Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2025

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Greene County Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- The most significant changes from the prior fiscal year are due to the State-wide pension systems' changes in assumptions and benefit terms.
- For fiscal year 2024, the Educational Service Center provided services to additional students at school districts, charter schools and parochial schools at an increased service rate compared to fiscal year 2023. Consequently, this increased tuition and fees during the year and intergovernmental receivable at the end of the fiscal year from these schools.

Using the Basic Financial Statements

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

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

Reporting the Educational Service Center as a Whole

Statement of Net Position and the Statement of Activities

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

Greene County Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

These two statements report the Educational Service Center's net position and changes in that position. This change in net position is important because it tells the reader that, for the Educational Service Center as a whole, the financial position of the Educational Service Center has improved or diminished. The causes of this change may be the result of many factors, some financial and some not.

In the statement of net position and the statement of activities, the Educational Service Center only reports governmental activities. Governmental activities are the activities where most of the Educational Service Center's programs and services are reported including, but not limited to instruction, support services, and operation of non-instructional services.

Reporting the Educational Service Center's Most Significant Fund

Fund Financial Statements

The analysis of the Educational Service Center's major fund begins on page 10. Fund financial statements provide detailed information about the Educational Service Center's major fund. The Educational Service Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Educational Service Center's most significant fund. The Educational Service Center's only major fund is the General Fund.

Governmental Funds

All of the Educational Service Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Educational Service Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

The Educational Service Center as a Whole

Recall that the statement of net position provides the perspective of the Educational Service Center as a whole.

Table 1 provides a summary of the Educational Service Center's net position for fiscal year 2024 compared to fiscal year 2023.

Greene County Educational Service Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

Table 1
Net Position

	2024	2023	Change
Assets:			
Current and Other Assets	\$6,552,180	\$5,488,078	\$1,064,102
Net OPEB Asset	1,190,733	1,674,554	(483,821)
Capital Assets, Net	1,163,027	692,690	470,337
Total Assets	<u>8,905,940</u>	<u>7,855,322</u>	<u>1,050,618</u>
Deferred Outflows of Resources:			
Pension	3,776,584	4,512,464	(735,880)
OPEB	889,435	685,903	203,532
Total Outflows	<u>4,666,019</u>	<u>5,198,367</u>	<u>(532,348)</u>
Liabilities:			
Other Liabilities	2,300,656	1,632,533	668,123
Long-Term Liabilities:			
Net Pension Liability	17,120,240	17,951,079	(830,839)
Net OPEB Liability	1,119,979	897,651	222,328
Other Amounts	738,270	723,630	14,640
Total Liabilities	<u>21,279,145</u>	<u>21,204,893</u>	<u>74,252</u>
Deferred Inflows of Resources:			
Pension	2,635,815	3,131,753	(495,938)
OPEB	1,940,419	2,497,857	(557,438)
Total Inflows	<u>4,576,234</u>	<u>5,629,610</u>	<u>(1,053,376)</u>
Net Position:			
Net Investment in Capital Assets	1,099,031	692,690	406,341
Restricted	1,235,517	578,280	657,237
Unrestricted (Deficit)	<u>(14,617,968)</u>	<u>(15,051,784)</u>	<u>433,816</u>
Total Net Position (Deficit)	<u><u>(\$12,283,420)</u></u>	<u><u>(\$13,780,814)</u></u>	<u><u>\$1,497,394</u></u>

The net pension liability (NPL) is the largest single liability reported by the Educational Service Center at June 30, 2024. 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 Educational Service Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change

Greene County Educational Service Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

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.

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.

Total assets increased \$1,050,618 mainly due to an increase in Intergovernmental Receivables. This was due to the increase in tuition and fees, which was due to providing services to more students at an increased rate compared to prior fiscal year.

The Educational Service Center's deferred inflows of resources decreased \$1,053,376, primarily due to the change in the net difference between projected and annual earnings on pension and OPEB plan investments compared to the prior year.

Total Net Position increased \$1,497,394 from the prior fiscal year. Restricted net position increased \$657,237 due to change in equity reporting for the net OPEB asset compared to the prior fiscal year. This change impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position. GASB 100 does not require amounts prior to those presented in the basic financial statements to be updated for a change in accounting principle. Unrestricted net position increased \$433,186 mainly due to changes in assumptions and benefits associated with the Statewide pension systems.

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives readers further details regarding the results of activities for fiscal years 2024 and 2023.

Greene County Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Table 2
Changes in Net Position

	2024	2023	Change
Revenues:			
Program Revenues:			
Charges for Services	\$13,999,262	\$12,369,411	\$1,629,851
Operating Grants and Contributions	2,591,020	2,917,422	(326,402)
Total Program Revenues	16,590,282	15,286,833	1,303,449
General Revenues:			
Grants and Entitlements not Restricted to Specific Programs	1,167,999	1,042,070	125,929
Interest	83,383	20,131	63,252
Miscellaneous	562,031	505,198	56,833
Total General Revenues	1,813,413	1,567,399	246,014
Total Revenues	18,403,695	16,854,232	1,549,463
Program Expenses:			
Instruction:			
Regular	346,324	515,315	(168,991)
Special	3,576,568	3,327,751	248,817
Support Services:			
Pupils	10,318,973	9,659,582	659,391
Instructional Staff	267,820	252,997	14,823
Board of Education	66,260	48,739	17,521
Administration	1,407,936	1,349,701	58,235
Fiscal	370,931	269,638	101,293
Business	11,756	11,587	169
Operation and Maintenance of Plant	239,212	261,665	(22,453)
Pupil Transportation	5,921	5,760	161
Central	260,166	213,086	47,080
Operation of Non-Instructional Services	34,434	34,101	333
Total Expenses	16,906,301	15,949,922	\$956,379
Change in Net Position	1,497,394	904,310	
Net Position (Deficit) at Beginning of Year	(13,780,814)	(14,685,124)	
Net Position (Deficit) at End of Year	(\$12,283,420)	(\$13,780,814)	

Greene County Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and sales, and operating grants and contributions. Total program revenues for fiscal year 2024 were \$16,590,282. Charges for Services increased 1,629,851 from fiscal year 2023, due to an increase in tuition and fees. Tuition and fees increased due to providing services to more students at an increased rate.

Overall, expenses increased \$956,379 from fiscal year 2023. Expenses increased due to an increase in providing services to School Districts.

The Educational Service Center's Funds

Information about the Educational Service Center's major fund starts on page 15. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,449,394 and expenditures of \$18,007,716. The net change in fund balances for the year was an increase of \$441,678. The Educational Service Center covers its costs by combining State revenue with the revenue it realizes from the local, city, exempted village, parochial and community schools it serves. The intent is to realize a marginal profit. The districts are charged an estimated "cost of services" each month. At fiscal year-end, a reconciliation is performed to determine what a district may still owe or what a district may be owed. Typically, after the estimated amount is established, additional services may be requested. Usually, the revenue to cover these additional expenditures is not received until after the reconciliation is performed. On occasion, this revenue is not received until well into the following fiscal year.

The Educational Service Center also has programs that are paid for with tuition charged to the districts using these programs. Expenditures are realized during the fiscal year, but tuition invoices at the end of the fiscal year are typically not paid in a timely manner.

Capital Assets

Table 3 shows fiscal year 2024 balances compared to fiscal year 2023.

Table 3

	Capital Assets (Net of Depreciation) at June 30, 2024	
	2024	2023
Land	\$161,360	\$161,360
Construction in Progress	63,996	21,450
Land Improvements	1,631	2,798
Building and Improvements	828,707	393,520
Furniture and Equipment	107,333	113,562
Totals	<u>\$1,163,027</u>	<u>\$692,690</u>

Overall capital assets, net of depreciation, increased \$470,337 compared to fiscal year 2023, primarily due to \$496,935 addition to Building and Improvements. For more information on capital assets, refer to Note 7 of the basic financial statements.

Greene County Educational Service Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Current Financial Issues and Concerns

The Educational Service Center provides services at the pleasure of the local, city, and exempted village school districts, parochial and community school it serves. The majority of the services are special education in nature. The services these children are to be provided are mandated by IEP's, Individual Education Plans. The districts are required, by law, to serve these children. The school districts may provide the service through their own personnel or contract out to have it provided. Most of the districts rely solely on the Educational Service Center to provide these services, while a few provide them with a combination of the Educational Service Center's staff and their own staff. The Educational Service Center has proven that purchasing the services from the Educational Service Center is a cost effective way for the districts to provide the services.

One of the Educational Service Center's major concerns revolves around the loss of State support that the districts are realizing. The districts are required to make cuts in their general programs to make funding available for these special education services that they are required to provide. There is very little fear that the districts will stop utilizing the Educational Service Center in providing these services. There is a fear that the districts could stop using the Educational Service Center to provide services that they are not required to provide.

The Educational Service Center's Alternative Education programs are, for the most part, elective programs. If financial constraints on the districts become large enough and they choose not to enroll children in the programs, the programs will fail to support themselves. If this were to happen, the Educational Service Center would terminate these elective programs. The Alternative Education programs account for approximately \$400,000 of the Educational Service Center's annual costs and revenues.

Contacting the Educational Service Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Educational Service Center's finances and to show the Educational Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kasey Mahaffey, Interim Treasurer, at Greene County Educational Service Center, 360 East Enon Road, Yellow Springs, Ohio, 45387, or email at kmahaffey@GreeneESC.org.

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Greene County Educational Service Center

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,944,532
Accounts Receivable	113,296
Intergovernmental Receivable	1,494,352
Net OPEB Asset	1,190,733
Nondepreciable Capital Assets	225,356
Depreciable Capital Assets, Net	937,671
Total Assets	8,905,940
Deferred Outflows of Resources:	
Pension	3,776,584
OPEB	889,435
Total Deferred Outflows of Resources	4,666,019
Liabilities:	
Accounts Payable	150,370
Contracts Payable	24,727
Accrued Wages and Benefits Payable	1,791,940
Matured Compensated Absences Payable	26,016
Retainage Payable	39,269
Intergovernmental Payable	268,334
Long-Term Liabilities:	
Due Within One Year	37,839
Due in More Than One Year:	
Net Pension Liability	17,120,240
Net OPEB Liability	1,119,979
Other Amounts	700,431
Total Liabilities	21,279,145
Deferred Inflows of Resources:	
Pension	2,635,815
OPEB	1,940,419
Total Deferred Inflows of Resources	4,576,234
Net Position:	
Net Investment in Capital Assets	1,099,031
Restricted for Local Programs	39,377
Restricted for State and Federal Grants	5,207
Restricted for Unclaimed Monies	200
Restricted for OPEB Plans	1,190,733
Unrestricted (Deficit)	(14,617,968)
Total Net Position (Deficit)	(\$12,283,420)

See Accompanying Notes to the Basic Financial Statements

Greene County Educational Service Center

Statement of Activities

For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$346,324	\$900,368	\$0	\$554,044
Special	3,576,568	3,931,263	0	354,695
Support Services:				
Pupils	10,318,973	8,775,656	2,575,811	1,032,494
Instructional Staff	267,820	255,529	0	(12,291)
Board of Education	66,260	0	0	(66,260)
Administration	1,407,936	29,877	0	(1,378,059)
Fiscal	370,931	1,864	0	(369,067)
Business	11,756	0	0	(11,756)
Operation and Maintenance of Plant	239,212	0	6,791	(232,421)
Pupil Transportation	5,921	0	5,921	0
Central	260,166	92,826	1,997	(165,343)
Operation of Non-Instructional	34,434	11,879	500	(22,055)
Total Governmental Activities	<u>\$16,906,301</u>	<u>\$13,999,262</u>	<u>\$2,591,020</u>	<u>(316,019)</u>
General Revenues:				
Grants and Entitlements not Restricted to Specific Programs				1,167,999
Interest				83,383
Miscellaneous				<u>562,031</u>
Total General Revenues				<u>1,813,413</u>
Change in Net Position				1,497,394
Net Position (Deficit) at Beginning of Year				<u>(13,780,814)</u>
Net Position (Deficit) at End of Year				<u><u>(\$12,283,420)</u></u>

See Accompanying Notes to the Basic Financial Statements

Greene County Educational Service Center

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,929,178	\$15,154	\$4,944,332
Receivables:			
Accounts	113,296	0	113,296
Intergovernmental Receivable	908,658	585,694	1,494,352
Interfund	364,258	0	364,258
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	200	0	200
Total Assets	<u>\$6,315,590</u>	<u>\$600,848</u>	<u>\$6,916,438</u>
Liabilities:			
Accounts Payable	\$16,534	\$133,836	\$150,370
Contracts Payable	24,727	0	24,727
Retainage Payable	39,269	0	39,269
Accrued Wages and Benefits Payable	1,739,863	52,077	1,791,940
Matured Compensated Absences Payable	26,016	0	26,016
Interfund Payable	0	364,258	364,258
Intergovernmental Payable	261,898	6,436	268,334
Total Liabilities	<u>2,108,307</u>	<u>556,607</u>	<u>2,664,914</u>
Deferred Inflows of Resources:			
Unavailable Revenue	<u>0</u>	<u>57,365</u>	<u>57,365</u>
Fund Balances:			
Nonspendable	200	0	200
Restricted	0	41,539	41,539
Committed	12,170	0	12,170
Assigned	2,157,627	0	2,157,627
Unassigned (Deficit)	2,037,286	(54,663)	1,982,623
Total Fund Balances (Deficit)	<u>4,207,283</u>	<u>(13,124)</u>	<u>4,194,159</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$6,315,590</u>	<u>\$600,848</u>	<u>\$6,916,438</u>

See Accompanying Notes to the Basic Financial Statements

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

Total Governmental Fund Balances	\$4,194,159
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	161,360	
Construction in Progress	63,996	
Land Improvements	25,344	
Building and Improvements	1,574,249	
Furniture and Equipment	278,909	
Accumulated Depreciation	(940,831)	
Total capital assets		1,163,027

Long-term assets are not available to pay for the current period expenditures and, therefore, are reported as unavailable revenue in the funds:

Intergovernmental	57,365
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The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB Asset	1,190,733	
Deferred Outflows - Pension	3,776,584	
Deferred Inflows - Pension	(2,635,815)	
Net Pension Liability	(17,120,240)	
Deferred Outflows - OPEB	889,435	
Deferred Inflows - OPEB	(1,940,419)	
Net OPEB Liability	(1,119,979)	
Total		(16,959,701)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:

Compensated Absences	(738,270)
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Net Position (Deficit) of Governmental Activities	(\$12,283,420)
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See Accompanying Notes to the Basic Financial Statements

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Intergovernmental	\$1,167,999	\$2,636,219	\$3,804,218
Interest	83,383	0	83,383
Tuition and Fees	13,813,844	0	13,813,844
Gifts and Donations	0	500	500
Customer Sales and Services	92,592	92,826	185,418
Miscellaneous	546,531	15,500	562,031
Total Revenues	<u>15,704,349</u>	<u>2,745,045</u>	<u>18,449,394</u>
Expenditures:			
Current:			
Instruction:			
Regular	353,093	0	353,093
Special	3,666,013	105	3,666,118
Support Services:			
Pupils	8,164,063	2,607,211	10,771,274
Instructional Staff	266,769	0	266,769
Board of Education	66,260	0	66,260
Administration	1,447,853	0	1,447,853
Fiscal	363,490	0	363,490
Business	11,420	0	11,420
Operation and Maintenance of Plant	735,690	18,564	754,254
Central	161,434	101,668	263,102
Operation of Non-Instructional Services	33,934	500	34,434
Intergovernmental	0	9,649	9,649
Total Expenditures	<u>15,270,019</u>	<u>2,737,697</u>	<u>18,007,716</u>
Net Change in Fund Balances	434,330	7,348	441,678
Fund Balances (Deficit) at Beginning of Year	<u>3,772,953</u>	<u>(20,472)</u>	<u>3,752,481</u>
Fund Balances (Deficit) at End of Year	<u>\$4,207,283</u>	<u>(\$13,124)</u>	<u>\$4,194,159</u>

See Accompanying Notes to the Basic Financial Statements

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

Net Change in Fund Balances - Total Governmental Funds	\$441,678
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**Amounts reported for governmental activities in the statement of activities
are different because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	548,989	
Depreciation Expense	(78,652)	
Excess of Capital Outlay over Depreciation Expense		470,337

Some revenues that will not be collected for several months after the Educational Service Center's fiscal year-end are not considered "available" revenues and are deferred inflows of resources in the funds. Deferred inflows of resources related to the following items changed by the amounts shown below:

Intergovernmental	(45,699)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.

Pension	1,674,325	
OPEB	27,836	
Total		1,702,161

Except for amounts reported as deferred inflows/outflows, changes in the net position liability (asset) are reported as pension expense in the statement of activities.

Pension	(1,083,428)	
OPEB	26,985	
Total		(1,056,443)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Compensated Absences	(14,640)
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Change in Net Position of Governmental Activities	<u><u>\$1,497,394</u></u>
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See Accompanying Notes to the Basic Financial Statements

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

The Greene County Educational Service Center (the “Educational Service Center”) is located in Yellow Springs, Ohio. The Educational Service Center supplies supervisory, special education, administrative, and other services primarily to the Public School Districts in Greene County, OH, Beavercreek City Schools, Fairborn City Schools, Xenia Community Schools, Yellow Springs Exempted Village Schools, Cedar Cliff Local Schools, Greeneview Local Schools, Bellbrook-Sugarcreek Local Schools and the Greene County Career Center. Also served are some of the “Non-Public” parochial and Charter Schools in the County. The Educational Service Center also will have contracts for services with School Districts outside of Greene County, if they are in need of services not available from their County Educational Service Center and with the knowledge of their own Educational Service Center that they are seeking services from Greene County Educational Service Center. The Educational Service Center furnishes leadership and consulting services designed to strengthen the school districts in areas they are unable to finance or staff independently.

The Greene County Educational Service Center operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The Board members must be a resident of Cedar Cliff, Greeneview, or Bellbrook-Sugarcreek Local School Districts. The Educational Service Center has 220 employees, which includes 38 special education teachers, 54 special education therapists, 35 educational aides, 24 mental health therapists, nine administrative employees, nine administrative support staff, three other support employees and 25 staff members at Fairborn Digital Academy that provide services to the local, exempted village, and city school districts along with parochial and community schools.

Reporting Entity

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

Component units are legally separate organizations for which the Educational Service Center is financially accountable. The Educational Service Center is financially accountable for an organization if the Educational Service Center appoints a voting majority of the organization’s governing board and (1) the Educational Service Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Educational Service Center is legally entitled to or can otherwise access the organization’s resources; the Educational Service Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Educational Service Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Educational Service Center in that the Educational Service Center approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Educational Service Center. The Educational Service Center has no component units.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

The Educational Service Center participates in three jointly governed organizations, two insurance purchasing pools, and one public entity shared risk pool. These organizations are discussed in Note 14 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Southwestern Ohio Educational Purchasing Council
Greene County Family and Children First Council

Insurance Purchasing Pools:

Southwestern Ohio Educational Purchasing Council Workers'
Compensation Group Rating Plan
Ohio School Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan
Trust

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Educational Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the Educational Service Center that are governmental and those that are considered business-type. The Educational Service Center, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Educational Service Center at fiscal year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Educational Service Center's governmental activities. Direct expenses are those

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

that are specifically associated with a service, program, or department and are 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 that are not classified as program revenues are presented as general revenues of the Educational Service Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Educational Service Center.

Fund Financial Statements

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

Fund Accounting

The Educational Service Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Educational Service Center only has governmental funds.

Governmental Funds

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

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

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows 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 fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Educational Service Center, “available” means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the Educational Service Center receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Educational Service Center must provide

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Educational Service Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: excess costs, tuition, grants, and student fees.

Deferred Outflows / Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Educational Service Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Educational Service Center, deferred inflows of resources include pension and OPEB plans and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

To improve cash management, all cash received by the Educational Service Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Educational Service Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The Educational Service Center holds money for unclaimed monies which are reported as "Restricted Assets: Equity in Pooled Cash and Cash Equivalents".

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

The Educational Service Center did not have any investments.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable/Payable.” Interfund balances within governmental activities are eliminated on the statement of net position.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets represent cash and cash equivalents held as unclaimed monies.

Capital Assets

The Educational Service Center’s only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Educational Service Center maintains a capitalization threshold of \$2,500. The Educational Service Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-20 years
Building and Improvements	20-25 years
Furniture and Equipment	10-20 years

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 Educational Service Center will compensate the employees for the benefits through paid time off

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

or some other means. The Educational Service Center records a liability for accumulated unused vacation time when earned for all eligible employees with more than one year of service.

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 Educational Service Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the Educational Service Center's termination policy. The Educational Service Center records a liability for accumulated unused sick leave for all employees after 10 years of current service with the Educational Service Center.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Nonspendable The Educational Service Center 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.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Educational Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Educational Service Center Board or State statute. The Board has assigned fund balance in the General Fund to provide preschool programs to member school districts. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2025 appropriation 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 fund balance.

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Educational Service Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits.

Estimates

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

Note 3 - Accountability

At June 30, 2024, the Diversity Grant, Elementary and Secondary School Emergency Relief, and Miscellaneous Federal Grants nonmajor special revenue funds had a deficit fund balance of \$386, \$25,020, and \$29,257, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Deposits and Investments

Monies held by the Educational Service Center are classified by State statute into three categories.

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

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Educational Service Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the Educational Service Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Note 5 - State and Local School District Funding

The Educational Service Center, under State law, provides services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the Educational Service Center is considered to be provided services. The cost of the services is determined by formula under State law. The State Department of Education and Workforce apportions the costs for all services among the Educational Service Center's city, local and exempted school districts based on each school's total student count. The Department of Education and Workforce deducts each school district's amount from their State Foundation Program settlements and remits the amount to the Educational Service Center. The Educational Service Center may provide additional services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the client school districts.

The Educational Service Center received funding from the Ohio Department of Education and Workforce using a funding model which is based on student count. This amount is paid from State resources. The Ohio Department of Education and Workforce also deducts from the State Foundation Program settlement of each of the Educational Service Center's local and client school districts an amount equal to \$6.50 times the school district's total student count and remits this amount to the Educational Service Center.

The Educational Service Center may contract with city, exempted village, local, joint vocational or cooperative education school districts to provide special education and related services or career-technical education services. The individual boards of education pay the costs for these services directly to the Educational Service Center.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 6 - Receivables

Receivables at June 30, 2024, consisted of accounts, intergovernmental and interfund amounts in the form of grants, excess costs, student fees from other school districts and interfund. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Diversity Grant	\$243,946
Elementary and Secondary School Emergency Relief	155,025
Mental Health Grants	186,723
Excess Costs	908,658
Total Intergovernmental Receivables	<u>\$1,494,352</u>

Note 7 - Capital Assets

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

	<u>Balance</u> <u>6/30/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/24</u>
<u>Governmental Activities:</u>				
Capital Assets, not Being Depreciated:				
Land	\$161,360	\$0	\$0	\$161,360
Construction in Progress	21,450	85,446	(42,900)	63,996
Total Capital Assets, not Being Depreciated	<u>182,810</u>	<u>85,446</u>	<u>(42,900)</u>	<u>225,356</u>
Capital Assets, Being Depreciated:				
Land Improvements	25,344	0	0	25,344
Building and Improvements	1,077,314	496,935	0	1,574,249
Furniture and Equipment	269,401	9,508	0	278,909
Total Capital Assets, Being Depreciated	<u>1,372,059</u>	<u>506,443</u>	<u>0</u>	<u>1,878,502</u>
Less Accumulated Depreciation:				
Land Improvements	(22,546)	(1,167)	0	(23,713)
Building and Improvements	(683,794)	(61,748)	0	(745,542)
Furniture and Equipment	(155,839)	(15,737)	0	(171,576)
Total Accumulated Depreciation	<u>(862,179)</u>	<u>(78,652) *</u>	<u>0</u>	<u>(940,831)</u>
Capital Assets, Being Depreciated, Net	<u>509,880</u>	<u>427,791</u>	<u>0</u>	<u>937,671</u>
Governmental Activities Capital Assets, Net	<u>\$692,690</u>	<u>\$513,237</u>	<u>(\$42,900)</u>	<u>\$1,163,027</u>

*Depreciation expense was charged to governmental functions as follows:

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Instruction:	
Regular	\$2,021
Special	24,452
Support Services:	
Pupils	9,996
Instructional Staff	9,936
Administration	11,098
Fiscal	1,987
Operation and Maintenance of Plant	18,937
Central	225
Total Depreciation Expense	<u><u>\$78,652</u></u>

Note 8 - Risk Management

Property and Liability

The Educational Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the Educational Service Center contracted with Liberty Mutual for property insurance.

The Educational Service Center does not own any vehicles. The vehicles owned by employees who travel are covered under a business policy with Liberty Mutual.

During fiscal year 2024, the Educational Service Center, along with other school districts in Ohio, participated in the Ohio School Plan (OSP), an insurance purchasing pool (See Note 14). Each individual school district or educational service center enters into an agreement with the OSP, and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The Educational Service Center pays this annual premium to the OSP. The Educational Service Center contracts for education general liability, employee benefits liability, employer's liability and stop gap, errors and omissions liability, and employment practices with OSP.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage from the last fiscal year.

Workers' Compensation

For fiscal year 2024, the Educational Service Center participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the Educational Service Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts and educational service centers is calculated as one experience, and a common

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

premium rate is applied to all school districts and educational service centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts and educational service centers that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control, and actuarial services to the GRP.

Medical Benefits

For fiscal year 2024, the Educational Service Center participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool (See Note 14). The Educational Service Center pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Note 9 – Defined Benefit Pension Plans

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

Net Pension/Net OPEB Liability

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

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

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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Notes to the Basic Financial Statements

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

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

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

The Educational Service Center's contractually required contribution to SERS was \$421,165 for fiscal year 2024, of which \$3,752 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to

Greene County Educational Service Center

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preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The Educational Service Center's contractually required contribution to STRS was \$1,253,160 for fiscal year 2024, of which \$7,108 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.071225400%	0.061224560%	
Prior Measurement Date	0.066088500%	0.064671240%	
Change in Proportionate Share	0.005136900%	-0.003446680%	
Proportionate Share of the Net			
Pension Liability	\$3,935,570	\$13,184,670	\$17,120,240
Pension Expense	\$574,682	\$508,746	\$1,083,428

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$169,159	\$480,685	\$649,844
Changes of assumptions	27,878	1,085,829	1,113,707
Changes in proportionate share and difference between Educational Service Center contributions and proportionate share of contributions	333,885	4,823	338,708
Educational Service Center contributions subsequent to the measurement date	421,165	1,253,160	1,674,325
Total Deferred Outflows of Resources	\$952,087	\$2,824,497	\$3,776,584
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$29,258	\$29,258
Changes of assumptions	0	817,317	817,317
Net difference between projected and actual earnings on pension plan investments	55,318	39,515	94,833
Changes in proportionate share and difference between Educational Service Center contributions and proportionate share of contributions	0	1,694,407	1,694,407
Total Deferred Inflows of Resources	\$55,318	\$2,580,497	\$2,635,815

\$1,674,325 reported as deferred outflows of resources related to pension resulting from Educational Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$239,060	(\$805,123)	(\$566,063)
2026	(73,588)	(1,137,099)	(1,210,687)
2027	307,201	1,156,684	1,463,885
2028	2,931	(223,622)	(220,691)
Total	\$475,604	(\$1,009,160)	(\$533,556)

Actuarial Assumptions - SERS

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

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For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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For the Fiscal Year Ended June 30, 2024

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Educational Service Center's proportionate share of the net pension liability	\$5,808,701	\$3,935,570	\$2,357,815

Actuarial Assumptions - STRS

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

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Notes to the Basic Financial Statements

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

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

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

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

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

* Final target weights reflected at October 1, 2022

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Educational Service Center's proportionate share of the net pension liability	\$20,275,106	\$13,184,670	\$7,188,103

Note 10 – Defined Benefit OPEB Plans

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

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description - The Educational Service Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree

Greene County Educational Service Center

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population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Educational Service Center's surcharge obligation was \$27,836.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Educational Service Center's contractually required contribution to SERS was \$27,836 for fiscal year 2024, all of which is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (STRS)

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.067982800%	0.061224560%	
Prior Measurement Date	0.063934900%	0.064671240%	
Change in Proportionate Share	<u>0.004047900%</u>	<u>-0.003446680%</u>	
Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$1,190,733)	(\$1,190,733)
Net OPEB Liability	\$1,119,979	\$0	\$1,119,979
OPEB Expense	(\$44,431)	\$17,446	(\$26,985)

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$2,333	\$1,856	\$4,189
Changes of assumptions	378,698	175,413	554,111
Net difference between projected and actual earnings on pension plan investments	8,680	2,125	10,805
Changes in proportionate share and difference between Educational Service Center contributions and proportionate share of contributions	216,712	75,782	292,494
Educational Service Center contributions subsequent to the measurement date	27,836	0	27,836
Total Deferred Outflows of Resources	\$634,259	\$255,176	\$889,435

Deferred Inflows of Resources:

Differences between expected and actual experience	\$577,615	\$181,616	\$759,231
Changes of assumptions	318,085	785,628	1,103,713
Changes in proportionate share and difference between Educational Service Center contributions and proportionate share of contributions	76,852	623	77,475
Total Deferred Inflows of Resources	\$972,552	\$967,867	\$1,940,419

\$27,836 reported as deferred outflows of resources related to OPEB resulting from Educational Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$163,319)	(\$295,736)	(\$459,055)
2026	(143,482)	(154,439)	(297,921)
2027	(69,204)	(57,655)	(126,859)
2028	(27,833)	(79,788)	(107,621)
2029	(6,988)	(72,644)	(79,632)
Thereafter	44,697	(52,429)	(7,732)
Total	(\$366,129)	(\$712,691)	(\$1,078,820)

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g.,

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

	<u>June 30, 2023</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

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For the Fiscal Year Ended June 30, 2024

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1 % Increase (5.27%)
Educational Service Center's proportionate share of the net OPEB liability	\$1,431,654	\$1,119,979	\$874,211
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Educational Service Center's proportionate share of the net OPEB liability	\$822,810	\$1,119,979	\$1,513,769

Actuarial Assumptions – STRS

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

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

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Educational Service Center's proportionate share of the net OPEB asset	(\$1,007,800)	(\$1,190,733)	(\$1,350,049)

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Educational Service Center's proportionate share of the net OPEB asset	(\$1,357,442)	(\$1,190,733)	(\$989,936)

Note 11 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from board policy and State laws. Unless otherwise provided in an individual administrative contract, all 12-month employees earn 15 to 25 days of vacation per fiscal year, depending upon length of service. Employees may accumulate five vacation days over their yearly maximum allowance at any time during a contract year. Accumulated, unused vacation time is paid to all staff who have any accumulated vacation upon termination of employment. Teachers do not earn vacation time.

All regular, full-time employees earn three days of personal leave per fiscal year. Accumulated, unused personal leave is converted to sick leave at fiscal year-end. Accumulated, unused personal leave is not paid to employees upon termination of employment. All regular, part-time staff earn personal leave at a prorated rate based upon the percentage of time they work compared to full-time.

All regular, full-time teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, employees with 10 or more years of current service with the Educational Service Center receive payment for one-fourth of accrued, but unused sick leave credit to a maximum of 65 days. Employees who are hired after August of 2009 with less than five years' experience with the Educational Service Center are not eligible for severance. To be eligible for the sick leave payout, the employee must show acceptance into STRS or SERS. If the employee is a rehired retiree, no sick leave is paid out at termination of service.

Health Care Benefits

The Educational Service Center, as part of the insurance pool with SOEPC, provides health, dental, life, vision, and accidental death and dismemberment insurance benefits to most employees through Delta Dental, Sun Life, Vision Service Plan, and Anthem EPC, respectively.

Deferred Compensation Plan

Employees may elect to participate in the VOYA/Ohio Association of School Board Officials (OASBO) Deferred Compensation Plan or the Ohio Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The employees may also participate in a qualified annuity plan, sponsored by multiple providers, in accordance with

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Internal Revenue Code Section 403(b). Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 12 - Long-Term Obligations

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

	Amounts Outstanding 6/30/23	Additions	Deductions	Amounts Outstanding 6/30/24	Amounts Due Within One Year
Governmental Activities					
Net Pension Liability:					
SERS	\$3,574,580	\$360,990	\$0	\$3,935,570	\$0
STRS	14,376,499	0	1,191,829	13,184,670	0
Total Net Pension Liability	17,951,079	360,990	1,191,829	17,120,240	0
Net OPEB Liability:					
SERS	897,651	222,328	0	1,119,979	0
Compensated Absences	723,630	606,054	591,414	738,270	37,839
Total Governmental Activities					
Long-Term Obligations	<u>\$19,572,360</u>	<u>\$1,189,372</u>	<u>\$1,783,243</u>	<u>\$18,978,489</u>	<u>\$37,839</u>

There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

Compensated absences will be paid from the General Fund.

Note 13 – Interfund Activity

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

	Receivable
Payable	<u>General Fund</u>
Nonmajor Governmental Funds	<u>\$364,258</u>

The General Fund advanced money to Nonmajor Governmental Funds to cover negative cash balances. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use those restricted monies to reimburse the General Fund for the initial advance.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 14 - Jointly Governed Organizations, Insurance Purchasing Pools, and Public Entity Shared Risk Pool

Jointly Governed Organizations

Miami Valley Educational Computer Association

The Educational Service Center is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts, except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Educational Service Center paid MVECA \$164,011 for services provided during fiscal year 2024. Financial information can be obtained from Chris Stein, who serves as Treasurer, at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council

The Educational Service Center participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of over 260 school districts and educational service centers in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. The SOEPC exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation in the SOEPC. During fiscal year 2024, the Educational Service Center did not contribute to the SOEPC, as they no longer charge a membership fee. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Greene County Family and Children First Council

The Greene County Family and Children First Council (the Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: the Director of the Board of Alcohol, Drug Addiction and Mental Health Services that serves Greene County, the Health Commissioner of the Board of Greene County, the Director of the Greene County Department of Human Services, the Executive Director of Greene County's Children Services Board, the Superintendent of Greene County's Board of Developmental Disabilities, the Greene County Juvenile Court Judge, the Superintendents of all School Districts and Educational Service Centers within the County, a representative of the largest city in the County, the Chair of the Board of Greene County Commissioners, a representative of the regional office of the Department of Youth Services, a representative of Head Start services in Greene County, a representative of Greene County's Early Intervention Collaborative, and at least three individuals representing families residing in Greene County. When possible, the number of members representing families will be equal to 20 percent of the Council's remaining membership. The Council exercises total control over its operations including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Council.

In fiscal year 2024, the Educational Service Center made a \$750 payment to the Council. Continued existence of the Council is not dependent on the Educational Service Center's continued participation, no equity interest exists, and no debt is outstanding.

Insurance Purchasing Pools

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The Educational Service Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11-member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all participants. The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Ohio School Plan

The Educational Service Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a 12 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums.

Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 15 – Fund Balances

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

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>			
Unclaimed Monies	\$200	\$0	\$200
<i>Restricted for:</i>			
State and Federal Grants	0	3,797	3,797
Local Programs	0	37,742	37,742
<i>Total Restricted</i>	0	41,539	41,539
<i>Committed to:</i>			
Board Approved Purchases on Order	\$12,170	\$0	\$12,170

(Continued)

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
<i>Assigned to:</i>			
Preschool Programs	\$102,364	\$0	\$102,364
Future Appropriations	1,940,358	0	1,940,358
Purchases on Order	114,905	0	114,905
<i>Total Assigned</i>	<u>2,157,627</u>	<u>0</u>	<u>2,157,627</u>
<i>Unassigned (Deficit)</i>	<u>2,037,286</u>	<u>(54,663)</u>	<u>1,982,623</u>
<i>Total Fund Balances (Deficit)</i>	<u><u>\$4,207,283</u></u>	<u><u>(\$13,124)</u></u>	<u><u>\$4,194,159</u></u>

Note 16 - Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$214,906
Other Governmental Funds	163,096
Total	<u><u>\$378,002</u></u>

Contractual Commitments

As of June 30, 2024, the Educational Service Center had the following contractual commitment with respect to capital projects:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/2024
Quality Masonry Company	\$511,660	\$490,860	\$20,800

The amounts remaining on these contracts were encumbered at fiscal year end. The amounts of \$24,727 and \$39,269 in contracts and retainage payable, respectively, have been capitalized.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 17 - Contingencies

Grants

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

School Foundation

Educational Service Center foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 were finalized. As a result, the Educational Service Center recognized a payable of \$1,890.

Litigation

The Educational Service Center was not party in any legal proceedings.

Note 18 – Change in Accounting Principle

For fiscal year 2024, the Educational Service Center implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The Educational Service Center also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Greene County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The Educational Service Center reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of this GASB pronouncement and implementation Guide did not have any effect on beginning net position.

In an effort to promote comparability with other governments, the Educational Service Center updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position.

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

	2024	2023	2022	2021	2020
Educational Service Center's Proportion of the Net Pension Liability	0.0712254%	0.0660885%	0.0587782%	0.0594435%	0.0581460%
Educational Service Center's Proportionate Share of the Net Pension Liability	\$3,935,570	\$3,574,580	\$2,168,746	\$3,931,717	\$3,478,978
Educational Service Center's Covered Payroll	\$2,825,700	\$2,468,779	\$2,028,871	\$1,869,571	\$2,001,348
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.28%	144.79%	106.89%	210.30%	173.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
0.0626455%	0.0525158%	0.0551644%	0.0598154%	0.0864250%
\$3,587,823	\$3,137,704	\$4,037,526	\$3,413,125	\$4,373,920
\$1,885,837	\$1,946,414	\$1,713,200	\$1,800,760	\$2,501,748
190.25%	161.20%	235.67%	189.54%	174.83%
71.36%	69.59%	62.98%	69.16%	71.70%

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

	2024	2023	2022	2021
Educational Service Center's Proportion of the Net OPEB Liability	0.06798280%	0.06393490%	0.05492960%	0.05539950%
Educational Service Center's Proportionate Share of the Net OPEB Liability	\$1,119,979	\$897,651	\$1,039,588	\$1,204,012
Educational Service Center's Covered Payroll	\$2,825,700	\$2,468,779	\$2,028,871	\$1,869,571
Educational Service Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.64%	36.36%	51.24%	64.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the Educational Service Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.05528870%	0.06029450%	0.05041610%	0.05406430%
\$1,390,394	\$1,672,731	\$1,353,036	\$1,541,033
\$2,001,348	\$1,885,837	\$1,946,414	\$1,713,200
69.47%	88.70%	69.51%	89.95%
15.57%	13.57%	12.46%	11.49%

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

	2024	2023	2022	2021
Educational Service Center's Proportion of the Net Pension Liability	0.061224560%	0.064671240%	0.073322527%	0.07517360%
Educational Service Center's Proportionate Share of the Net Pension Liability	\$13,184,670	\$14,376,499	\$9,374,946	\$18,189,336
Educational Service Center's Covered Payroll	\$8,269,500	\$8,407,571	\$9,047,521	\$7,844,929
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	103.62%	231.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.07401273%	0.07140473%	0.06343455%	0.06005667%	0.05773724%	0.04771224%
\$16,367,470	\$15,700,297	\$15,069,014	\$20,102,777	\$15,956,884	\$11,605,268
\$8,783,443	\$8,224,471	\$7,453,629	\$6,894,679	\$6,222,800	\$4,856,973
186.34%	190.90%	202.17%	291.57%	256.43%	238.94%
77.40%	77.30%	75.30%	66.80%	72.09%	74.70%

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

	2024	2023	2022	2021
Educational Service Center's Proportion of the Net OPEB Liability (Asset)	0.061224560%	0.064671240%	0.073322527%	0.07517360%
Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,190,733)	(\$1,674,554)	(\$1,545,946)	(\$1,321,174)
Educational Service Center's Covered Payroll	\$8,269,500	\$8,407,571	\$9,047,521	\$7,844,929
Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(14.40%)	(19.92%)	(17.09%)	(16.84%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	168.50%	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the Educational Service Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.07401273%	0.07140473%	0.06343455%	0.06005667%
(\$1,225,828)	(\$1,147,401)	\$2,474,981	\$3,211,846
\$8,783,443	\$8,224,471	\$7,453,629	\$6,894,679
(13.96%)	(13.95%)	33.21%	46.58%
174.70%	176.00%	47.10%	37.30%

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

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$421,165	\$395,598	\$345,629	\$284,042	\$261,740
Contributions in Relation to the Contractually Required Contribution	(421,165)	(395,598)	(345,629)	(284,042)	(261,740)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Educational Service Center Covered Payroll (1)	\$3,008,321	\$2,825,700	\$2,468,779	\$2,028,871	\$1,869,571
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability					
Contractually Required Contribution (2)	27,836	20,567	22,584	8,764	6,839
Contributions in Relation to the Contractually Required Contribution	(27,836)	(20,567)	(22,584)	(8,764)	(6,839)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.93%</u>	<u>0.73%</u>	<u>0.91%</u>	<u>0.43%</u>	<u>0.37%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>14.93%</u>	<u>14.73%</u>	<u>14.91%</u>	<u>14.43%</u>	<u>14.37%</u>

(1) The Educational Service Center's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$270,182	\$254,588	\$272,498	\$239,848	\$237,340
(270,182)	(254,588)	(272,498)	(239,848)	(237,340)
\$0	\$0	\$0	\$0	\$0
\$2,001,348	\$1,885,837	\$1,946,414	\$1,713,200	\$1,800,760
13.50%	13.50%	14.00%	14.00%	13.18%
23,604	49,436	14,178	10,662	9,375
(23,604)	(49,436)	(14,178)	(10,662)	(9,375)
\$0	\$0	\$0	\$0	\$0
1.18%	2.62%	0.73%	0.62%	0.52%
14.68%	16.12%	14.73%	14.62%	13.70%

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

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$1,253,160	\$1,157,730	\$1,177,060	\$1,266,653	\$1,098,290
Contributions in Relation to the Contractually Required Contribution	<u>(1,253,160)</u>	<u>(1,157,730)</u>	<u>(1,177,060)</u>	<u>(1,266,653)</u>	<u>(1,098,290)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Educational Service Center Covered Payroll	\$8,951,143	\$8,269,500	\$8,407,571	\$9,047,521	\$7,844,929
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability					
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$1,229,682	\$1,151,426	\$1,043,508	\$965,255	\$871,192
(1,229,682)	(1,151,426)	(1,043,508)	(965,255)	(871,192)
\$0	\$0	\$0	\$0	\$0
\$8,783,443	\$8,224,471	\$7,453,629	\$6,894,679	\$6,222,800
14.00%	14.00%	14.00%	14.00%	14.00%
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	0.00%
14.00%	14.00%	14.00%	14.00%	14.00%

Greene County Educational Service Center, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of-living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

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

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Greene County Educational Service Center, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent effective July 1, 2017	0.0 percent effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Greene County Educational Service Center, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Changes in Benefit Term – STRS Pension

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>2022</u>	<u>2021 and Prior</u>
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Greene County Educational Service Center, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense,
including price inflation

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

Greene County Educational Service Center, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$1,055,000	\$1,055,000	\$1,170,152	\$115,152
Interest	75,000	75,000	83,383	8,383
Tuition and Fees	12,233,000	12,233,000	13,049,627	816,627
Customer Sales and Services	1,032,000	31,665	92,592	60,927
Miscellaneous	262,500	262,500	569,039	306,539
Total Revenues	14,657,500	13,657,165	14,964,793	1,307,628
Expenditures:				
Current:				
Instruction:				
Regular	680,921	679,842	341,507	338,335
Special	4,216,359	3,711,345	3,599,420	111,925
Support Services:				
Pupils	7,914,968	7,845,307	7,844,295	1,012
Instructional Staff	357,314	314,523	279,594	34,929
Board of Education	131,970	131,935	66,960	64,975
Administration	1,869,684	1,508,171	1,389,639	118,532
Fiscal	503,410	483,439	365,627	117,812
Business	14,901	14,871	11,420	3,451
Operation and Maintenance of Plant	817,021	816,769	811,904	4,865
Central	154,000	154,011	149,359	4,652
Operation of Non-Instructional Services	11,382	11,382	37,297	(25,915)
Capital Outlay	55,000	55,000	0	55,000
Total Expenditures	16,726,930	15,726,595	14,897,022	829,573
Excess of Revenues Over (Under) Expenditures	(2,069,430)	(2,069,430)	67,771	2,137,201
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	12,700	12,700	12,764	64
Refund of Prior Year Receipts	(25,000)	(25,000)	0	25,000
Total Other Financing Sources (Uses)	(12,300)	(12,300)	12,764	25,064
Net Change in Fund Balance	(2,081,730)	(2,081,730)	80,535	2,162,265
Fund Balance at Beginning of Year	4,977,734	4,977,734	4,977,734	0
Prior Year Encumbrances Appropriated	20,461	20,461	20,461	0
Fund Balance at End of Year	\$2,916,465	\$2,916,465	\$5,078,730	\$2,162,265

See Accompanying Notes to the Supplemental Information

Greene County Educational Service Center

Notes to the Supplemental Information
For the Fiscal Year Ended June 30, 2024

NOTE 1 - BUDGETARY PROCESS

There are no budgetary requirements for Educational Service Centers identified in the Ohio Revised Code, nor does the State Department of Education specify any budgetary guidelines to be followed.

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

The Educational Service Center's Board budgets for resources estimated to be received during the fiscal year. The estimated revenues may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedule reflect the amounts of the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflect the amounts of the estimated revenues in effect at the time final appropriations were passed by the Board.

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

While the Educational Service Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Greene County Educational Service Center

Notes to the Supplemental Information

For the Fiscal Year Ended June 30, 2024

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis schedule for the General Fund.

Net Change in Fund Balance

	<u>General Fund</u>
GAAP Basis	\$434,330
Revenue Accruals	(726,792)
Expenditure Accruals	587,903
Encumbrances	<u>(214,906)</u>
Budgetary Basis	<u><u>\$80,535</u></u>

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**GREENE COUNTY EDUCATIONAL SERVICE CENTER
GREENE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	(1) Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Facilities Construction Commission</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	20,015
Total U.S. Department of the Treasury			20,015
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Special Education Cluster (IDEA)			
Special Education Preschool Grants	84.173	N/A	11,424
Total Special Education Cluster (IDEA)			11,424
COVID-19 Education Stabilization Fund:			
Governors Emergency Education Relief Fund	84.425C	N/A	40,286
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	N/A	684,934
Total COVID-19 Education Stabilization Fund			725,220
Total U.S. Department of Education			736,644
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Award</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	338,414
<i>Passed Through Mental Health Recovery Board of Clark, Greene & Madison Counties</i>			
Opioid STR	93.788	N/A	128,756
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	40,000
Total U.S. Department of Health and Human Services			507,170
Total Expenditures of Federal Awards			\$ 1,263,829

(1) - There were no amounts passed through to subrecipients.

N/A - No agency pass-through or other identifying number was available for this program.

The accompanying notes are an integral part of this schedule.

**GREENE COUNTY EDUCATIONAL SERVICE CENTER
GREENE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

OHIO AUDITOR OF STATE KEITH FABER



65 East State 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

Greene County Educational Service Center
Greene County
360 East Enon Road
Yellow Springs, Ohio 45387

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Greene County Educational Service Center, Greene County, Ohio (the Educational Service Center) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Educational Service Center's basic financial statements and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2025

OHIO AUDITOR OF STATE KEITH FABER

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

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

Greene County Educational Service Center
Greene County
360 East Enon Road
Yellow Springs, Ohio 45387

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

The Educational Service Center's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Educational Service Center'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 Educational Service Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Educational Service Center's compliance with the requirements of the major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2025

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**GREENE COUNTY EDUCATIONAL SERVICE CENTER
GREENE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund (AL #84.425C and #84.425U)
(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 FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



GREENE COUNTY EDUCATIONAL SERVICE CENTER

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/27/2025

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

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