



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MANAGEMENT COUNCIL OF THE OHIO EDUCATION COMPUTER NETWORK  
FRANKLIN COUNTY  
JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

Management Council of the Ohio Education Computer Network  
Franklin County  
8050 North High Street, Suite 150  
Columbus, Ohio 43235

To the Board of Trustees:

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

#### ***Opinions***

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Management Council of the Ohio Education Computer Network, Franklin County, Ohio (the Council), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Council'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 cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2025, and the respective changes in cash-basis financial position thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

#### ***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 Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter - Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note X, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 Council'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 Council'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 Council'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.

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the Council'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 Council'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 Council's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

December 16, 2025

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**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2025*  
(Unaudited)

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The discussion and analysis of the Management Council of the Ohio Education Computer Network's (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the Council's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the Council's financial performance.

### ***Financial Highlights***

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position decreased \$160,107, with a \$198,110 decrease in business-type activities and a \$38,003 increase in governmental activities.

### ***Using these Basic Financial Statements***

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

### ***Basis of Accounting***

The Council has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a Statement of Net Position will be cash and cash equivalents. The Statement of Activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

### ***Reporting the Council as a Whole***

#### *Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the Council to provide programs and activities, the view of the Council as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities answer this question.

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

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
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(Unaudited)

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***Reporting the Council's Most Significant Funds***

***Fund Financial Statements***

Fund financial reports provide detailed information about the Council's major funds. The Council uses many funds to account for financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds include the General Fund and the Fiber Lease Renewal Fund. The ERP Project Fund, the State Software Development Team Local Fund, the INFOhio Local Fund and the MCOECN Projects/Operational Support Fund are the Council's most significant business-type activities funds.

**Governmental Funds** - The governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

**Proprietary Fund** – The Council maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

***The Council as a Whole***

Table 1 provides a summary of the Council's net position for fiscal year 2025 compared to 2024.

**(Table 1)**  
**Net Position - Cash Basis**

	Governmental Activities			Business-Type Activities		
	2025	2024	Change	2025	2024	Change
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 6,379,614	\$ 6,341,611	\$ 38,003	\$ 5,451,012	\$ 5,649,122	\$ (198,110)
<b>Net Position</b>						
Restricted for:						
Other Purposes	52,710	96,925	(44,215)	-	-	-
Unrestricted	6,326,904	6,244,686	82,218	5,451,012	5,649,122	(198,110)
<i>Total Net Position</i>	<u>\$ 6,379,614</u>	<u>\$ 6,341,611</u>	<u>\$ 38,003</u>	<u>\$ 5,451,012</u>	<u>\$ 5,649,122</u>	<u>\$ (198,110)</u>

Net position of the governmental activities increased \$38,003 from fiscal year 2024. The net position of the business-type activities decreased \$198,110 from fiscal year 2024. See following pages for detailed explanations causing these fluctuations.

The balance of the government-wide unrestricted net position of \$6,326,904 may be used to meet the Council's ongoing obligations.

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2025*  
(Uaudited)

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Table 2 shows the changes in net position for fiscal year 2025 compared to fiscal year 2024.

**(Table 2)**  
**Changes in Net Position - Cash Basis**

	Governmental Activities			Business-Type Activities		
	2025	2024	Change	2025	2024	Change
<b>Receipts</b>						
<i>Program Receipts</i>						
Charges for Services and Sales	\$ 13,497,457	\$ 12,064,451	\$ 1,433,006	\$ 2,549,961	\$ 2,645,451	\$ (95,490)
Operating Grants, Contributions and Interest	<u>15,334,060</u>	<u>20,848,776</u>	<u>(5,514,716)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Program Receipts</i>	<u>28,831,517</u>	<u>32,913,227</u>	<u>(4,081,710)</u>	<u>2,549,961</u>	<u>2,645,451</u>	<u>(95,490)</u>
<i>General Receipts</i>						
Gifts and Donations	944	911	33	-	-	-
Investment Earnings	392,798	383,950	8,848	167,068	172,961	(5,893)
Miscellaneous	<u>13,463</u>	<u>37,247</u>	<u>(23,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total General Receipts</i>	<u>407,205</u>	<u>422,108</u>	<u>(14,903)</u>	<u>167,068</u>	<u>172,961</u>	<u>(5,893)</u>
<i>Total Receipts</i>	<u>29,238,722</u>	<u>33,335,335</u>	<u>(4,096,613)</u>	<u>2,717,029</u>	<u>2,818,412</u>	<u>(101,383)</u>
<i>Program Disbursements</i>						
Support Services:						
Fiscal Central	177,991	172,974	5,017	-	-	-
INFOhio Local	<u>29,022,728</u>	<u>33,367,878</u>	<u>(4,345,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
ERP Project	-	-	-	1,180,125	1,276,437	(96,312)
State Software Development Team Local	-	-	-	970,832	1,015,124	(44,292)
Other Enterprise Funds	-	-	-	760,243	336,481	423,762
<i>Total Program Disbursements</i>	<u>29,200,719</u>	<u>33,540,852</u>	<u>(4,340,133)</u>	<u>2,915,139</u>	<u>2,629,208</u>	<u>285,931</u>
<i>Change in Net Position</i>	<u>38,003</u>	<u>(205,517)</u>	<u>243,520</u>	<u>(198,110)</u>	<u>189,204</u>	<u>(387,314)</u>
<i>Net Position Beginning of Year</i>	<u>6,341,611</u>	<u>6,547,128</u>	<u>(205,517)</u>	<u>5,649,122</u>	<u>5,459,918</u>	<u>189,204</u>
<i>Net Position End of Year</i>	<u><u>\$ 6,379,614</u></u>	<u><u>\$ 6,341,611</u></u>	<u><u>\$ 38,003</u></u>	<u><u>\$ 5,451,012</u></u>	<u><u>\$ 5,649,122</u></u>	<u><u>\$ (198,110)</u></u>

The decrease in receipts in governmental activities can be attributed primarily to the end of activities in the Connectivity Champions Grant, the Extension Exchange Grant and the Mid-Mile Upgrade Grant. The decrease in disbursements for governmental activities can be attributed to the end of the Connectivity Champions Grant, the Extension Exchange Grant and the Mid-Mile Upgrade Grant. The decrease in receipts for business-type activities can be primarily attributed to a reduction in charges for services within the State Software Development Team Project. The increase in disbursements for business-type activities can be primarily attributed to a large project expense from the State Software Development Team Local Project.

### ***Business-Type Activities***

Business-type activities include providing services to clients for the ERP Project, INFOhio Local, State Software Development Team Local, Ohio Distance Learning Association, and other special projects. The major source of revenue for these funds is charges for services.

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2025*  
(Uaudited)

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***The Council's Funds***

The Council's governmental and enterprise funds are accounted for using the cash basis of accounting.

**(Table 3)**  
**Changes in Fund Balances - Cash Basis**

	Fund Balance	Fund Balance	Increase
	2025	2024	(Decrease)
General	\$ 6,648,666	\$ 6,883,420	\$ (234,754)
Fiber Lease Renewal	-	-	-

The General Fund's fund balance decreased in fiscal year 2025. The decrease in fund balance can be attributed to the Board of Trustees approving a budget that subsidized services to ITCs causing expenses to outpace revenue.

The Fiber Lease Renewal fund balance for 2025 was zero due to grants received were expended in fiscal year 2025. This was a new fund in 2025.

**(Table 4)**  
**Changes in Net Position (Enterprise Funds) - Cash Basis**

	Net Position	Net Position	Increase
	2025	2024	(Decrease)
ERP Project	\$ 565,283	\$ 726,219	\$ (160,936)
State Software Development Team Local	1,622,281	1,786,098	(163,817)
INFOhio Local	1,211,399	1,185,691	25,708
MCOECN Projects/Operational Support	2,029,277	1,924,403	104,874

The ERP Project Fund had a decrease in net position during fiscal year 2025. The decrease is attributed to a spend down of the cash balance as a renegotiation takes place with the vendor and fees charged to ITCs remain unchanged for seven years.

The State Software Development Team Local Fund had an decrease in net position during fiscal year 2025. The decrease is attributed to a large project expense during the fiscal year.

The INFOhio Local Fund had an increase in net position during fiscal year 2025. This increase is due to an increase in fees for ITCs purchasing services during fiscal year 2025 and a large expense encumbered but not expended at fiscal year-end.

The MCOECN Projects/Operational Support Fund had an increase in net position during fiscal year 2025. This increase is due to interest income earned per board policy.

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2025*  
(Unaudited)

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***Contacting the Council's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Greg Buddelmeyer, Chief Financial Officer of Management Council of the Ohio Education Computer Network, 8050 North High Street, Suite 150, Columbus, Ohio 43235 or [buddelmeyer@mcoecn.org](mailto:buddelmeyer@mcoecn.org).

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2025*

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	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 6,379,614</u>	<u>\$ 5,451,012</u>	<u>\$ 11,830,626</u>
<b>Net Position</b>			
Restricted for:			
Other Purposes	52,710	-	52,710
Unrestricted	<u>6,326,904</u>	<u>5,451,012</u>	<u>11,777,916</u>
<i>Total Net Position</i>	<u><i>\$ 6,379,614</i></u>	<u><i>\$ 5,451,012</i></u>	<u><i>\$ 11,830,626</i></u>

See accompanying notes to the basic financial statements.

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2025*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
<b>Current:</b>						
Fiscal Central	\$ 177,991 29,022,728	\$ - 13,497,457	\$ - 15,334,060	\$ (177,991) (191,211)	\$ - -	\$ (177,991) (191,211)
<i>Total Governmental Activities</i>	<i>29,200,719</i>	<i>13,497,457</i>	<i>15,334,060</i>	<i>(369,202)</i>	<i>-</i>	<i>(369,202)</i>
<b>Business-Type Activities</b>						
ERP Project	970,832	809,896	-	-	(160,936)	(160,936)
State Software Development Team Local	760,243	596,426	-	-	(163,817)	(163,817)
INFOhio Local	1,180,125	1,143,639	-	-	(36,486)	(36,486)
Other Enterprise Funds	3,939	-	-	-	(3,939)	(3,939)
<i>Total Business-Type Activities</i>	<i>2,915,139</i>	<i>2,549,961</i>	<i>-</i>	<i>-</i>	<i>(365,178)</i>	<i>(365,178)</i>
<i>Totals</i>	<i>\$ 32,115,858</i>	<i>\$ 16,047,418</i>	<i>\$ 15,334,060</i>	<i>(369,202)</i>	<i>(365,178)</i>	<i>(734,380)</i>
<b>General Receipts</b>						
Gifts and Donations			944	-	944	
Investment Earnings			392,798	167,068	559,866	
Miscellaneous			13,463	-	13,463	
<i>Total General Receipts</i>			<i>407,205</i>	<i>167,068</i>	<i>574,273</i>	
Change in Net Position			38,003	(198,110)	(160,107)	
<i>Net Position Beginning of Year</i>			<i>6,341,611</i>	<i>5,649,122</i>	<i>11,990,733</i>	
<i>Net Position End of Year</i>			<i>\$ 6,379,614</i>	<i>\$ 5,451,012</i>	<i>\$ 11,830,626</i>	

See accompanying notes to the basic financial statements.

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Balance Sheet - Cash Basis*  
*Governmental Funds*  
*June 30, 2025*

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	General	Fiber Lease Renewal	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 6,648,666</u>	<u>\$ -</u>	<u>\$ (269,052)</u>	<u>\$ 6,379,614</u>
<b>Fund Balances</b>				
Restricted	\$ -	-	\$ 52,710	\$ 52,710
Assigned	2,094,271	-	-	2,094,271
Unassigned	4,554,395	-	(321,762)	4,232,633
<i>Total Fund Balances</i>	<u>\$ 6,648,666</u>	<u>\$ -</u>	<u>\$ (269,052)</u>	<u>\$ 6,379,614</u>

See accompanying notes to the basic financial statements.

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Statement of Receipts, Disbursements and Changes  
in Fund Balances - Cash Basis - Governmental Funds  
For the Fiscal Year Ended June 30, 2025*

	General	Formerly Major Fund ESSER Fund	Fiber Lease Renewal	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Intergovernmental	\$ -	\$ -	\$ 3,662,926	\$ 11,671,134	\$ 15,334,060
Investment Income	392,798	-	-	-	392,798
Gifts and Donations	944	-	-	-	944
Charges for Services	13,497,457	-	-	-	13,497,457
Miscellaneous	13,463	-	-	-	13,463
<i>Total Receipts</i>	<u>13,904,662</u>	<u>-</u>	<u>3,662,926</u>	<u>11,671,134</u>	<u>29,238,722</u>
<b>Disbursements</b>					
Current:					
Support Services:					
Fiscal	177,991	-	-	-	177,991
Central	13,961,425	-	3,662,926	11,398,377	29,022,728
<i>Total Disbursements</i>	<u>14,139,416</u>	<u>-</u>	<u>3,662,926</u>	<u>11,398,377</u>	<u>29,200,719</u>
<i>Net Change in Fund Balances</i>	<u>(234,754)</u>	<u>-</u>	<u>-</u>	<u>272,757</u>	<u>38,003</u>
<i>Fund Balances, June 30, 2024 as previously represented</i>	6,883,420	(582,986)	-	41,177	6,341,611
<i>Change within financial reporting entity (major to nonmajor)</i>	-	582,986	-	(582,986)	-
<i>Fund Balances, June, 30, 2024 as adjusted</i>	<u>6,883,420</u>	<u>-</u>	<u>-</u>	<u>(541,809)</u>	<u>6,341,611</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,648,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (269,052)</u>	<u>\$ 6,379,614</u>

See accompanying notes to the basic financial statements.

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Statement of Fund Net Position - Cash Basis*

*Proprietary Funds*

*June 30, 2025*

	Enterprise Funds					
	ERP Project	State Software	INFOhio Local	MCOECN Projects/ Operational Support	Other Enterprise Fund	Total
		Development Team Local				
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 565,283	\$ 1,622,281	\$ 1,211,399	\$ 2,029,277	\$ 22,772	\$ 5,451,012
<b>Net Position</b>						
Unrestricted	565,283	1,622,281	1,211,399	2,029,277	22,772	5,451,012
<b>Total Net Position</b>	<b>\$ 565,283</b>	<b>\$ 1,622,281</b>	<b>\$ 1,211,399</b>	<b>\$ 2,029,277</b>	<b>\$ 22,772</b>	<b>\$ 5,451,012</b>

See accompanying notes to the basic financial statements.

**Management Council of the Ohio Education Computer Network**  
**Franklin County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2025*

Enterprise Funds						
	ERP Project	State Software Development Team Local	INFOhio Local	MCOECN Projects/ Operational Support	Other Enterprise Fund	Total
<b>Operating Receipts</b>						
Charges for Services	\$ 809,896	\$ 596,426	\$ 1,143,639	\$ -	\$ -	\$ 2,549,961
<i>Total Operating Receipts</i>	<b>809,896</b>	<b>596,426</b>	<b>1,143,639</b>	<b>-</b>	<b>-</b>	<b>2,549,961</b>
<b>Operating Disbursements</b>						
Salaries	242,658	184,781	484,646	-	-	912,085
Fringe Benefits	69,183	61,965	137,460	-	-	268,608
Purchased Services	635,496	469,088	99,128	-	3,939	1,207,651
Materials and Supplies	-	25,015	458,891	-	-	483,906
Capital Outlay	3,495	19,394	-	-	-	22,889
Other Operating Disbursements	20,000	-	-	-	-	20,000
<i>Total Operating Disbursements</i>	<b>970,832</b>	<b>760,243</b>	<b>1,180,125</b>	<b>-</b>	<b>3,939</b>	<b>2,915,139</b>
<i>Operating Income (Loss)</i>	<b>(160,936)</b>	<b>(163,817)</b>	<b>(36,486)</b>	<b>-</b>	<b>(3,939)</b>	<b>(365,178)</b>
<b>Non-Operating Receipts</b>						
Interest	-	-	62,194	104,874	-	167,068
<i>Total Non-Operating Receipts</i>	<b>-</b>	<b>-</b>	<b>62,194</b>	<b>104,874</b>	<b>-</b>	<b>167,068</b>
<i>Change in Net Position</i>	<b>(160,936)</b>	<b>(163,817)</b>	<b>25,708</b>	<b>104,874</b>	<b>(3,939)</b>	<b>(198,110)</b>
<i>Net Position Beginning of Year</i>	<b>726,219</b>	<b>1,786,098</b>	<b>1,185,691</b>	<b>1,924,403</b>	<b>26,711</b>	<b>5,649,122</b>
<i>Net Position End of Year</i>	<b>\$ 565,283</b>	<b>\$ 1,622,281</b>	<b>\$ 1,211,399</b>	<b>\$ 2,029,277</b>	<b>\$ 22,772</b>	<b>\$ 5,451,012</b>

See accompanying notes to the basic financial statements.

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**NOTE 1 – DESCRIPTION OF THE COUNCIL**

The Management Council of the Ohio Education Computer Network (the “Council”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Council is a 16 entity consortium organized under Chapter 167 of the Ohio Revised Code as a not-for-profit Council of Governments and is directed by a 16 member Board of Trustees. The Council is organized exclusively for charitable, educational, and scientific purposes, and more specifically, to plan, promote, and facilitate effective and efficient information technology services for Ohio schools.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the Council consists of all funds, departments, boards, and agencies that are not legally separate from the Council. For Management Council of the Ohio Education Computer Network, this includes general operations of the Council.

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

The Council’s management believes these financial statements present all activities for which the Council is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Council’s accounting policies.

## **Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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### ***Basis of Presentation***

The Council's basic financial statements consist of government-wide financial statements, including a Statement of Net Position - Cash Basis and a Statement of Activities – Cash Basis, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** - The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the Council as a whole. These statements include the financial activities of the primary government.

These statements distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the cash balance of the governmental and business-type activities of the Council at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function or program of the Council's governmental (and business-type) activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Council's general receipts.

***Fund Financial Statements*** - During the fiscal year, the Council segregates transactions related to certain Council 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 Council at this more detailed level. The focus of governmental and enterprise 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.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

### ***Fund Accounting***

The Council 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 funds of the Council are divided into two categories, governmental and proprietary.

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**Governmental Funds** - The Council classifies funds financed primarily from intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the Council's major governmental funds:

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

**Fiber Lease Renewal Fund** - This special revenue fund is used to engage in the 10 Year renewal of leased fiber network agreements for middle mile connections for the information technology centers and large urban districts to connect to the state broadband backbone managed by the Ohio Technology Consortium (OARnet) and for other connectivity upgrades necessary for K-12 school buildings with severely restricted broadband connections.

The other non-major governmental funds account for grants and other resources to which the Council is bound to observe constraints imposed internally or externally.

**Enterprise Funds** - These funds account for operations that are similar to private business enterprises where management intends that the significant cost of providing certain goods or services will be recovered through user charges. The Council had the following significant enterprise funds:

**ERP Project Fund** - This fund accounts for the activity of providing Efinance PLUS services and support to information technology centers.

**State Software Development Team Local Fund** - This fund accounts for the activity of providing services to administer the development, maintenance and support of fiscal software for Ohio public schools.

**INFOhio Local Fund** - This fund accounts for the activity of providing support and services to clients by INFOhio staff.

**MCOECN Projects/Operational Support Fund** - This fund accounts for activity to support special projects for MCOECN.

The other non-major enterprise fund is used to account for Ohio Distance Learning Association.

***Basis of Accounting***

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred.

## **Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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As a result of the use of this cash basis of accounting, certain assets and deferred outflows and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### ***Budgetary Process***

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board annually approves the budget for the Council. The budget includes an estimate of amounts expected to be received and expended (appropriations) by the Council during the fiscal year. Budget amendments are approved by the Board of Trustees during the year as required. The Council reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at fiscal year end are carried over, and need not be reappropriated.

### ***Cash and Cash Equivalents***

To improve cash management, cash received by the Council is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Council records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the Council's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Council are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. Nonparticipating investment contracts, such as certificates of deposit are recorded at cost.

During the year 2025, the Council invested in STAR Ohio and negotiable certificates of deposit. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Council measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2025 were \$392,798, which includes \$88,551 assigned from other Council funds.

***Inventory and Prepaid Items***

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

***Interfund Receivables/Payables***

The Council reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying basic financial statements.

***Accumulated Leave***

A compensated absence is leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

***Employer Contributions to Cost-Sharing Pension Plans***

The Council recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Pensions and Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB (asset) liability, 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 respective retirement plans. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. The retirement plans report investments at fair value.

***Leases***

The Council is the lessor/lessee in various leases related to buildings, vehicles and other equipment under noncancelable leases. Lease receivables/payables are not reflected under the Council's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

## **Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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### ***Long-Term Obligations***

The Council's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, subscription-based information technology arrangements (SBITA) or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

### ***Net Position***

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Federal and State grants restricted to disbursements for specific purposes.

The Council's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted resources are available.

### ***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Trustees and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items during the fiscal year.

### ***Fund Balance***

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

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

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

## Management Council of the Ohio Education Computer Network

Franklin County, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**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 Council. Those committed amounts cannot be used for any other purpose unless the Council 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 Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Trustees. The Board of Trustees has by resolution authorized the Treasurer to assign fund balance.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

Monies held by the Council are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Council treasury. Active monies must be maintained either as cash in the Council 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 Council has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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

Interim monies held by the Council can be deposited or invested in the following securities:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers acceptances for a period not to exceed one hundred and eighty days and commercial papers not to exceed two hundred seventy days from the purchase date in any amount not to exceed 40% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

## Management Council of the Ohio Education Computer Network

Franklin County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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### ***Deposits***

At year-end, \$260,001 of the Council's deposits were insured by the FDIC.

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of a bank failure, the Council will not be able to recover deposits or collateral securities that are in possession of an outside party.

The Council has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the Council and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

### ***Investments***

Rating by S & P	Measurement/ Investment Type	Measurement Amount	Investment Maturities in Years		Percent of Total
			(<1)	(1-3)	
Net Asset Value (NAV):					
AAAm	STAROhio	\$ 11,152,956	\$ 11,152,956	\$ -	85.05%
Cost:					
N/A	Negotiable CD's	1,960,000	1,225,000	735,000	14.95%
		\$ 13,112,956	\$ 12,377,956	\$ 735,000	100.00%

### **Interest Rate Risk**

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Council's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the Council.

### **Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Council has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**Management Council of the Ohio Education Computer Network****Franklin County, Ohio***Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025***Concentration of Credit Risk**

The Council places no limit on the amount it may invest in any one issuer; however state statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 30 days.

**NOTE 4 - RISK MANAGEMENT**

The Council 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 2025 the Council contracted with Schools of Ohio Risk Sharing Authority (SORSA) for general liability insurance and contracted with Lloyd's of London for addition cyber insurance. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

**NOTE 5 – FUND BALANCE**

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

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Restricted for:</b>			
Other Purposes	\$ -	\$ 52,710	\$ 52,710
Total Restricted	<u>-</u>	<u>52,710</u>	<u>52,710</u>
<b>Assigned for:</b>			
<b>Encumbrances:</b>			
Central Services	910,901	-	910,901
Subsequent Years Appropriations	<u>1,183,370</u>	<u>-</u>	<u>1,183,370</u>
Total Assigned	<u>2,094,271</u>	<u>-</u>	<u>2,094,271</u>
<b>Unassigned</b>			
Unassigned	4,554,395	(321,762)	4,232,633
Total Fund Balances	<u>\$ 6,648,666</u>	<u>\$ (269,052)</u>	<u>\$ 6,379,614</u>

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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At June 30, 2025, the following funds had deficit fund balances. This deficit fund balance was created as a result of the timing of disbursements and drawdowns for grant expenditures.

Non-Major Funds:

INFOhio Grants	\$ 86,612
Fiscal Redesign	110,064
KRA Grant	80,835
Other Grants	17,250
ODDEX SSII Grants	26,999
KRA/ELA	<u>2</u>
	<u>\$ 321,762</u>

**NOTE 6 - DEFINED BENEFIT PENSION PLANS**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

***Net Pension Liability/Net OPEB Liability***

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

The net pension/OPEB liability represent the Council’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 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 Council’s obligation for this liability to annually required payments. The Council cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Council does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years,

# Management Council of the Ohio Education Computer Network

Franklin County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the modified cash basis framework.

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

## ***Plan Description - Council Employees Retirement System (SERS)***

Plan Description – Council 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2025.

## Management Council of the Ohio Education Computer Network

Franklin County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the Council 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, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Council’s contractually required contribution to SERS was \$969,741 for fiscal year 2025.

### ***Net Pension Liability***

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on the Council'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
Proportion of the Net Pension Liability:	
Current Measurement Date	0.1852181%
Prior Measurement Date	0.1967953%
Change in Proportionate Share	<u>-0.0115772%</u>
Proportionate Share of the Net Pension Liability	\$      9,475,010

### ***Actuarial Assumptions - SERS***

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

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

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
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*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2024 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 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 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 2024 was 9.31 percent.

**Sensitivity of the Council'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.

	Current		
	1% Decrease	Discount Rate	1% Increase
Council's Proportionate Share of the Net Pension Liability	\$ 14,495,454	\$ 9,475,010	\$ 5,248,068

**NOTE 7 – DEFINED BENEFIT OPEB PLANS**

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

**Management Council of the Ohio Education Computer Network**

**Franklin County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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***Plan Description - Council Employees Retirement System (SERS)***

Health Care Plan Description - The Council 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 Council, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://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 2025, 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 2025, 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 2025, the Council's surcharge obligation was \$2,722.

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 Council's contractually required contribution to SERS were equal to the surcharge amount for fiscal year 2025.

# Management Council of the Ohio Education Computer Network

Franklin County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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## ***Net OPEB Liability***

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Council's proportion of the net OPEB liability was based on the Council'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:

	SERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.1682070%
Prior Measurement Date	<u>0.1785569%</u>
Change in Proportionate Share	<u>-0.0103499%</u>
Proportionate Share of the Net	
OPEB Liability	\$ 1,713,181
OPEB Expense	\$ (37,435)

## ***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented below:

Management Council of the Ohio Education Computer Network

## Franklin County, Ohio

## *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

June 30, 2024

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	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

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.

## Management Council of the Ohio Education Computer Network

Franklin County, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)	
Cash	3.00	%	0.97
US Equity	22.00		4.68
Non-US Equity Developed	12.00		4.96
Non-US Equity Emerging	6.00		5.66
Fixed Income/Global Bonds	18.00		2.38
Private Equity	14.00		7.10
Real Estate	13.00		3.64
Infrastructure	7.00		4.80
Private Debt/Private Credit	5.00		5.86
<b>Total</b>	<b>100.00</b>	<b>%</b>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 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, 2023, and the June 30, 2024, 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 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

**Sensitivity of the Council'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 (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Council's Proportionate Share of the Net OPEB Liability	\$ 2,284,465	\$ 1,713,181	\$ 1,259,218

# Management Council of the Ohio Education Computer Network

Franklin County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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	1% Decrease	Current Trend Rate	1% Increase
Council's Proportionate Share of the Net OPEB Liability	\$ 1,158,046	\$ 1,713,181	\$ 2,442,860

## NOTE 8 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS

### *Grants*

The Council 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 Council at June 30, 2025.

### *Litigation*

The Council is not party to any claims or lawsuits that would, in the Council's opinion, have a material effect of the basic financial statements.

### *Other Commitments*

The Council utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the Council's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	\$ 910,901
Nonmajor Governmental	790,726
	<u>\$ 1,701,627</u>

## NOTE 9 – CERTAIN RISK DISCLOSURES

For fiscal year 2025, the Council implemented GASB Statement No. 102, *Certain Risk Disclosures*, but had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

## NOTE 10 – CHANGE WITHIN FINANCIAL REPORTING ENTITIES

For 2025, the ESSER fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. The Fiber Lease renewal fund was added as a major due to meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

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65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto: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**

Management Council of the Ohio Education Computer Network  
Franklin County  
8050 North High Street, Suite 150  
Columbus, Ohio 43235

To the Board of Trustees:

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*, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Management Council of the Ohio Education Computer Network, Franklin County, Ohio (the Council) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated December 16, 2025, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

Management Council of the Ohio Education Computer Network  
Franklin County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Council'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*.

**Council's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the finding identified in our audit and described in the accompanying schedule of findings. The Council's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

December 16, 2025

**MANAGEMENT COUNCIL OF THE OHIO EDUCATION COMPUTER NETWORK  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2025**

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

**FINDING NUMBER 2025-001**

**Financial Reporting  
Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Lack or failure of controls over preparing financial statements led to the financial statements requiring the following audit adjustments:

- Adjustments in the amount of \$212,127, \$795,113 and \$582,986 to record Current Central Support Service Disbursements, Intergovernmental Receipts and reduce beginning fund balance, respectively, for ESSER Fund activity erroneously excluded from Other Governmental Funds.
- Adjustment in the amount of \$3,662,926 to reduce both Intergovernmental Receipts and Current Central Support Service Disbursements for duplicate activity presented in Other Governmental Funds.

Lack or failure of controls over the preparation of financial reports can result in errors and irregularities that may go undetected and decrease the reliability of the financial data throughout the year.

We recommend the Council implement additional procedures to help ensure the completeness and accuracy of the Council's year-end financial statements. Such procedures should include an analytical review that compares the current year financial statements to the prior year financial statements to identify obvious errors or omissions.

**Officials' Response:** Management acknowledges the Auditor of State's finding. The financial statement errors resulted from misstatements in the year-end statements prepared by the external accounting firm and from management not identifying these issues during the review process. All required adjustments have been incorporated into the financial statements and accounting records.

To strengthen financial reporting going forward, management will enhance its review procedures by performing additional analytical comparisons, reconciliations, and follow-up on unusual or unexpected amounts before finalizing future statements. Management will also continue to work closely with the external accounting firm to ensure accuracy and clarity during fiscal year-end preparation.

These steps are intended to improve the reliability of the Council's financial reporting and prevent similar issues in the future.

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# OHIO AUDITOR OF STATE KEITH FABER



MANAGEMENT COUNCIL OF OHIO EDUCATION COMPUTER NETWORK (MCOECN)

FRANKLIN 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 1/15/2026

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](http://www.ohioauditor.gov)