



Section A: Application Information

A-1. Provider type:

Select the competitive retail natural gas (CRNGS) provider type(s) for which the applicant is seeking certification. Please note you can select more than one.

Retail Natural Gas Aggregator : ☒ Retail Natural Gas Broker : ☒
Retail Natural Gas Marketer : ☐

A-2. Applicant's legal name and contact information:

Provide the name and contact information of the business entity.

Legal name : Ohio Schools Council **Country :** United States
Phone : 2164473100 **Ext. (if appl.) :** **Street :** 6393 Oak Tree Blvd., Suite 377
Website (if any) : www.osconline.org **City :** Independence **Prov. / State :** OH
Postal code : 44131

A-3. Names and contact information under which the applicant will do business in Ohio:

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2

Legal Name	Type	Address	Telephone	Active Proof
Ohio Schools Council	Official Name	6393 Oak Tree Boulevard, Suite 377 Independence, OH 44131 United States	216-447-3100	Yes Ohio Schools Council

A-4. Names under which the applicant does business in North America:

Provide all business names the applicant uses in North America, except for those previously provided in A-2 or A-3.

Legal Name	Type	Address	Telephone	Active Proof
Ohio Schools Council	Official Name	6393 Oak Tree Boulevard, Suite 377 Independence, OH 44131 United States	216-447-3100	Yes Ohio Schools Council

A-5. Contact person for regulatory matters:

Dr. William Zelei
6393 Oak Tree Blvd., Suite 377
Independence, OH 44131
US
wzelei@osconline.org
2164473100

A-6. Contact person for PUCO Staff use in investigating consumer complaints:

Dr. William Zelei
6393 Oak Tree Blvd., Suite 377
Independence, OH 44131
US
wzelei@osconline.org
2164473100

A-7. Applicant's address and toll-free number for customer service and complaints:

Phone : 800-264-1326 **Ext (if appl.):** **Country :** United States
Fax : 216-447-1606 **Ext (if appl.)** **Street :** 6393 Oak Tree Boulevard, Suite 377
Email : wzelei@osconline.org **City :** Independence **Prov. / State :** OH
Postal code : 44131

A-8. Applicant's federal employer identification number:

Federal employer identification number : 34-1552444

A-9. Applicant's form of ownership (select one):

Form of ownership : Regional Council of Government

A-10. Identify current or proposed service areas:

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

Service area selection : Columbia Gas of Ohio;Dominion Energy Ohio Class of customer selection :
Industrial;Small Commercial;Large Commercial

A-11. Start date:

Indicate the approximate start date the applicant began/will begin offering service.

Start date : Thu Dec 16 00:00:00 GMT 2021

A-12. Principal officers, directors and partners:

Please select all contacts that should be listed as an officer, director or partner. If the contacts are not listed below, add them using the button to the right.

File attached

Dr. William Zelei	Executive Director	6393 Oak Tree Blvd., Suite 377 Independence, OH 44131 US	wzelei@osconline.org 2164473100
Kathryn Powers	OSC Chairperson, Superintendent Twinsburg City School District	6393 Oak Tree Blvd, Ste 377 Independence, OH 44131 US	2164473100

A-13. Company history:

Provide a concise description of the applicant's company history and principal business interests.

The OSC is a regional council of governments ("COG") created under Ohio Revised Code Chapter 167 by public school districts for the specific purpose of saving taxpayer dollars through volume purchases. OSC was created in 1986 by 53 school districts to cooperatively purchase products and services at a reduced price. Today, OSC's membership has grown to 266 school districts, JVS, ESC and DD boards, located in 37 counties and serving over 500,000 students. OSC has operated natural gas purchasing programs for its members and other participating public school districts in the Columbia Gas of Ohio and Dominion East Ohio service territories since 1986, under the PUCO self-help guidelines established in PUCO Case No. 85-800-CA-COI, as amended. Through OSC's efforts, participating school districts have realized significant energy savings, thus conserving increasingly scarce public funds available for education in the State of Ohio. OSC has received inquiries from governmental entities that are not public school districts to participate in OSC's natural gas program. Consequently, OSC is filing for PUCO certification to allow it to serve non-public school district participants.

A-14. Secretary of State :

Provide evidence that the applicant is currently registered with the Ohio Secretary of State.

Files attached

A-15. Proof of Ohio Office and Employee :

Dr. William Zelei
6393 Oak Tree Blvd., Suite 377
Independence, OH 44131
US
wzelei@osconline.org
2164473100

B. Applicant Managerial Capability and Experience

B-1. Jurisdictions of operations :

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application.

Ohio

B-2. Experience and plans :

Describe the applicant's experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code.

The OSC is a regional council of governments ("COG") created under Ohio Revised Code Chapter 167 by public school districts for the specific purpose of saving taxpayer dollars through volume purchases. OSC was created in 1986 by 53 school districts to cooperatively purchase products and services at a reduced price. Today, OSC's membership has grown to 266 school districts, JVS, ESC and DD boards, located in 37 counties and serving over 500,000 students. OSC has operated natural gas purchasing programs for its members and other participating public school districts in the Columbia Gas of Ohio and Dominion East Ohio service territories since 1986, initially under the PUCO self-help guidelines established in PUCO Case No. 85-800-CA-COI, as amended. Through OSC's efforts, participating school districts have realized significant energy savings, thus conserving increasingly scarce public funds available for education in the State of Ohio. The OSC's Natural Gas Program is one of a variety of programs sponsored by the Ohio Schools Council. The OSC natural gas program supplies natural gas member public school districts in Dominion Energy Ohio (DEO) and Columbia Gas of Ohio (COH) territories under a Natural Gas Program Agreement initially entered into in 1986, as amended. OSC also has added other governmental entities that are not public school districts as participants in its program. OSC receives its natural gas supply from certified retail natural gas providers. OSC's current supplier and manager is Constellation NewEnergy, Inc. OSC will continue to enter into the appropriate contractual arrangements with third parties for services related to compliance with Chapter 4901:1-29 of the Ohio Administrative Code and to procure natural gas supply.

B-3. Disclosure of liabilities and investigations :

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction.

There are no existing or pending rulings, judgments, contingent liabilities, revocations of authority, regulatory investigations, or any other matter that could adversely impact OSC's financial or operational status or its ability to provide the services for which it is seeking certification.

B-4. Disclosure of consumer protection violations:

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years?

No

B-5. Disclosure of certification denial, curtailment, suspension, or revocation :

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio's Natural Gas or Electric Utility's Choice programs within the past two years?

No

C. Applicant Financial Capability and Experience

C-1. Financial reporting :

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or upload the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required.

Not applicable because OSC is not required to file 10-K/8-Ks.

C-2. Financial statements :

Provide copies of the applicant's two most recent years of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with **social security numbers and bank account numbers redacted**. File Attached.

C-3. Forecasted financial statements :

Provide two years of forecasted income statements based solely on the applicant's anticipated business activities in the state of Ohio.

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in business activities only in the state of Ohio for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate.

Filed under seal.

C-4. Credit rating :

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "Not Rated".

OSC does not have a credit rating.

C-5. Credit report :

Provide a copy of the applicant's credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. Bank/credit account numbers and highly sensitive identification information must be redacted. If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select "This does not apply" and provide a response in the box below stating that a credit rating(s) was provided in response to C-4.

File attached

C-6. Bankruptcy information :

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy?

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

No

C-7. Merger information :

Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months?

No

C-8. Corporate Structure :

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

Stand-alone entity with no affiliate or subsidiary companies

D: Applicant Technical Capacity

D-1. Operations :

Retail natural gas brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of natural gas to retail customers.

The OSC's Natural Gas Program is one of a variety of programs sponsored by the Ohio Schools Council. The OSC natural gas program supplies natural gas member public school districts and other governmental entities that are not public school districts in Dominion East Ohio (DEO) and Columbia Gas of Ohio (COH) territories under a Natural Gas Program Agreement initially entered into in 1986, as amended. OSC receives its natural gas supply from certified retail natural gas providers. OSC's current supplier and manager is Constellation Energy Services, Inc. OSC will continue to enter into the appropriate contractual arrangements with third parties for services related to compliance with Chapter 4901:1-29 of the Ohio Administrative Code and to procure natural gas supply.

D-2. Operations expertise and key technical personnel :

Provide evidence of the applicant's experience and technical expertise in performing the operations described in this application. Include the names, titles, e-mail addresses, telephone numbers and background of key personnel involved in the operational aspects of the applicant's business.

File attached

OHIO SCHOOLS COUNCIL

APPLICATION ATTACHMENTS

EXHIBIT A-12
OHIO SCHOOLS COUNCIL

Principal Officers, Directors, & Partners

Ohio Schools Council (“OSC”), as a regional council of governments under Ohio law, has no principal officers. A list of the 2021-22 Board Members of the Ohio Schools Council is attached.

Salutation	First Name	Last Name	OSC Board Position	Title	District
Dr.	Scott	Goggin	OSC Chairperson	Superintendent	Westlake City Schools
Dr.	Jack	Thompson	OSC Vice Chairperson	Superintendent	Perry Local Schools
Mrs.	Kathryn	Powers	OSC Past Chairperson	Superintendent	Twinsburg City School District
Mr.	Fred	Bolden	OSC Director	Superintendent	Solon City Schools
Dr.	Andrea	Celico	OSC Director	Superintendent	Bedford City Schools
Mr.	Franco	Gallo	OSC Director	Superintendent	ESC of Lorain County
Dr.	Robert	Hlasko	OSC Director	Superintendent	ESC of Medina County
Dr.	Robert	Mengerink	OSC Director	Superintendent	ESC of Northeast Ohio
Dr.	Michael	Zalar	OSC Director	Superintendent	Tiffin City Schools

EXHIBIT A-14
OHIO SCHOOLS COUNCIL

Secretary of State

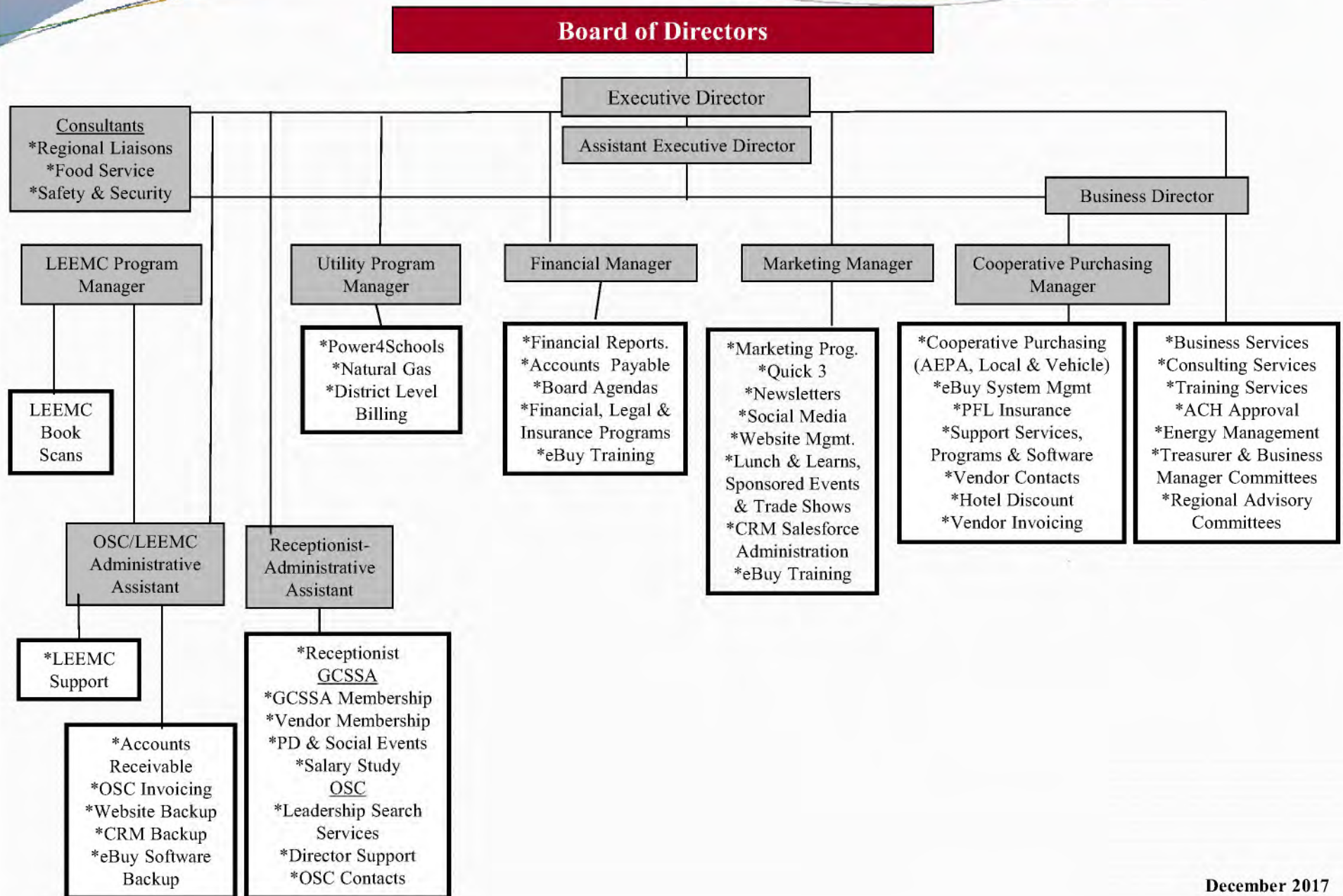
OSC is a regional council of governments established under R.C. Chapter 167. A copy of OSC's organizational chart is attached.

Because OSC is a regional council of government, it has no articles of incorporation. Attached is a copy of OSC Bylaws and the Agreement Establishing the OSC.

Since OSC is a regional council of government, it is registered with the Ohio Auditor and not with the Ohio Secretary of State. Attached is a copy of OSC's 2016 registration with the Ohio Auditor.

Pursuant to the Commission's finding and Order issued January 13, 2016 in this case (Case No. 15-1888-GA-AGG), the Commission granted OSC's request for a waiver of this requirement.

OSC Organizational Chart



AGREEMENT
ESTABLISHING THE
OHIO SCHOOLS COUNCIL

This AGREEMENT is made and entered into as of December 9, 1986, by and among the boards of education identified below:

RECITALS

WHEREAS, Revised Code Chapter 167 provides, in general, that the governing bodies of any two or more political subdivisions may enter into an agreement establishing a regional council of governments for the purposes of promoting cooperative arrangements and agreements among its members and between its members and government agencies or private persons or entities, performing functions and duties which its members can perform and addressing problems of mutual concerns; and

WHEREAS, certain board of education located within northeastern Ohio have determined to enter into this Agreement Establishing the Ohio Schools Council for the purpose of carrying out a cooperative program for the purchase of natural gas and promoting other cooperative programs which may be approved, from time to time, in accordance with this Agreement and the Bylaws described below:

NOW, THEREFORE, it is agreed by and among the boards of education identified below, on behalf of whom this Agreement has been executed by their representatives in accordance with the authorizing resolution of each, that:

Section 1. Definitions:

As used in this Agreement and in the Bylaws the following words shall have the following meanings:

"Advisory Committee" means any committee established by the Board of Directors pursuant to the Bylaws and any Program Agreement to advise the Board of Directors or the Fiscal Agent with respect to the management and operation of a Program. The Board of Directors shall define the duties of each Advisory Committee.

"Agreement" means this agreement, as the same may be amended, modified, or supplemented in accordance with Section 8 hereof.

"Assembly" means the legislative body of the Council established pursuant to, and having those powers and duties enumerated in, the Bylaws.

"Bylaws" means the regulations adopted by the Council pursuant to Revised Code Section 167.04 and this Agreement, as the same may be amended, modified, or supplemented in accordance with Section 12 thereof.

"Council" means the Ohio Schools Council.

"Council Costs" means any Operating Costs and any Program Costs incurred by the Council or the Fiscal Agent of the Council in connection with the activities and operations of the Council or any Program of the Council.

"Council Fund" means the fund maintained by the Fiscal Agent of the Council as a separate fund pursuant to Section 7 of the Bylaws, into which the Fiscal Agent shall deposit any and all moneys contributed by the Members for Operating Costs of the Council.

"Fiscal Agent" means the person or organization designated by the Members of the Council to receive, deposit, invest and disburse funds contributed by the Members for the operation of the Council and its Programs, in accordance with the Bylaws and the applicable Program Agreement.

"Fiscal Year" means the twelve month period beginning July 1 and ending June 30.

"Member" means any board of education which pursuant to a duly adopted resolution, has caused this Agreement to be executed in its name, including any additional board of education which has caused this Agreement to be executed in accordance with Section 7 hereof, and has not withdrawn from the Council pursuant to this Agreement or the Bylaws.

"Operating Costs" means all costs incurred by the Council or by the Fiscal Agent in connection with the activities and operation of the Council but shall not mean any Program Costs.

"Participating Member" means, with respect to each Program of the Council, any member whose governing body has determined, by duly adopted resolution, to participate in that Program and has authorized execution of the Program Agreement for that Program.

"Program" means any cooperative program of the Council established under a Program Agreement, including but not limited to, the Natural Gas Purchase Programs (No. 1 and No. 2).

"Program Agreement" means (i) the Agreement Regarding the Natural Gas Purchase Program No. 1, (ii) the Agreement Regarding the Natural Gas Purchase Program No. 2, and (iii) any other agreements among some or all Members establishing a Program in accordance with Section 5 hereof.

"Program Costs" means, with respect to each Program of the Council, all costs incurred by the Council or the Fiscal Agent of the Council, in connection with the activities and operations of that Program, as defined in the corresponding Program Agreement.

Section 2. Name:

The name of the group composed of all Members shall be the "Ohio Schools Council".

Section 3. Representation of Members:

The governing body of each Member shall appoint one representative to the Assembly. That representative shall be the Member's Superintendent.

Section 4. Adoption of Bylaws:

Within 30 days following execution of this Agreement by two-thirds of the Members, listed in Exhibit A of this Agreement, the representatives to the Assembly shall meet for the purpose of adopting Bylaws. The affirmative vote of at least a majority of all representatives shall be required for the adoption of the Bylaws. The Bylaws shall include but not be limited to provisions that:

- (A) Designate the officers of the Assembly and the method of selection thereof;
- (B) Establish the Board of Directors to act as the governing board of the Council;
- (C) Provide for the appointment of an Advisory Committee for any Program of the Council;
- (D) Appoint a Fiscal Agent for the Council and provide for a Fiscal Agent (which may be the Fiscal Agent for the Council) for each of its Programs; and
- (E) Regulate the conduct of the Council's business.

Section 5. Programs of the Council:

The Council may establish, in addition to the Natural Gas Purchase Programs, such other cooperative programs as the Board of Directors may approve. Each Program shall be established by a Program Agreement among the Members of the Council whose governing bodies have determined to participate in the Program and have approved the Program Agreement for that Program. Each Program Agreement shall be reviewed and approved by the Board of Directors prior to execution by any Member.

Each Program Agreement shall include be not be limited to provisions that:

- (A) Direct the Board of Directors concerning the management of the Program and define matters which must be submitted to the Participating Members for decision;
- (B) Establish procedures for budgeting Program Costs and apportioning Program Costs among the Participating Members;
- (C) Establish one or more funds into which all monetary contributions for Program Costs shall be deposited;
- (D) Determine the method and timing of inclusion of additional Participating Members;
- (E) If determined to be necessary or desirable, appoint a Fiscal Agent for the Program different from the Fiscal Agent for the Council; and
- (F) Determine the disposition, upon termination of the Program, of any supplies, equipment, facilities or moneys held in connection with the operation of the Program.

Section 6. Withdrawal of a Member:

Any member wishing to withdraw from participation in the Council shall notify the Fiscal Agent of the Council on or before September 15 in the Fiscal Year preceding the Fiscal Year in which the Member will withdraw. That notification must include a certified copy of a duly adopted resolution of the Board of Education of that Member determining that the Member shall withdraw and the effective date of withdrawal, which must be the first day of a Fiscal Year. A Member which has withdrawn from the Council shall be deemed to have withdrawn from all Programs in which it was a Participating Member. The Program Agreement shall govern the disposition of any contributions by the withdrawn Member to any Program of the Council in excess of that Member's share of Program Costs. The Board of Directors shall determine whether the withdrawing Member has contributed moneys in excess of the Member's share of Council Costs, other than Program Costs, and shall provide for the return to that Member of any excess contributions within 180 days following the end of the Fiscal Year in which that Member ceased its participation in the Council. After withdrawal, the withdrawing political subdivision may not

become a member again until it has fully complied with the procedures contained in Section 7 hereof.

Section 7. Inclusion of Additional Boards of Education:

Any board of education in the State of Ohio may apply to become a Member of the Council by submitting an application in writing to the Board of Directors, accompanied by a duly adopted resolution requesting inclusion in the Council. Prior to the Assembly's next meeting, the Board of Directors shall review the application and recommend to the Assembly whether the applicant board of education should be included in the Council. At the Assembly's next meeting, it shall act upon the Board of Director's recommendation by duly adopted resolution. The applicant board of education shall be included in the Council and deemed a Member hereunder if its inclusion is approved by the affirmative vote of at least two-thirds of the representatives in the Assembly and the applicant board of education executes the Agreement, approves the Bylaws, and appropriates and remits to the Fiscal Agent an initial monetary assessment for Council Costs in an amount recommended by the Board of Directors and approved by the Assembly. The applicant shall thereafter be a Member and be assessed its portion of the Council Costs by the same method and using the same formula as any other member, in accordance with the Bylaws.

Section 8. Fiscal Agent:

The Members of the Council shall appoint the Board of Education of the Mentor Exempted Village School District to serve as the initial Fiscal Agent of the Council. Should that board of education cease to serve as Fiscal Agent, the Assembly shall designate a successor Fiscal Agent in accordance with Section 9 of the Bylaws.

Section 9. Initial Assessment:

In order to commence operation of the Council, the initial Members of the Council each agree to pay to the Fiscal Agent of the Council, on or before December 1, 1986, an amount equal to \$500.00. Those payments shall be considered as contributions to the Operating Costs of the Council. Those payments shall be deposited by the Fiscal Agent in the Council Fund and may be disbursed upon the written direction of the Board of Directors for payment of costs incurred in connection with the establishment of the Council and the activities to be undertaken in connection with the initial organization of the programs of the Council.

Section 10. Amendments:

This Agreement may be modified, amended, or supplemented in any respect not prohibited by law upon the approval of the modification, amendment or supplement by the governing bodies of at least two-thirds of the Members; and the amendment, modification, or supplement shall thereupon become binding upon all Members.

Section 11. Term of the Agreement:

It is the express intention of the Members that this Agreement shall continue for an indefinite term, but may be terminated as herein provided.

Section 12. Termination of the Agreement:

In the event that the governing bodies of two-thirds of the Members, by duly adopted resolutions, determine that this Agreement shall be terminated, the Board of Directors shall meet within 30 days following its receipt of certified copies of those resolutions. At that meeting, the Board of Directors shall determine the date upon which this Agreement and the activities and operations of the Council shall terminate and make recommendations to the

Assembly with respect to any matter which must be resolved in connection with the termination of the Council and which is not addressed by this Agreement, the Bylaws, or any Program Agreement.

Upon termination of this Agreement, each Program and Program Agreement shall automatically terminate. After payment of all known obligations of the Council in connection with each Program, any surplus remaining in any Program Fund shall be distributed among the Participating Members in the manner provided in the Program Agreement. After payment of all known obligations of the Council, other than those incurred in connection with any Program, any surplus remaining in the Council Fund shall be distributed among the Members in the same proportion to the total remaining as the amount of each Member's total share of Operating Costs incurred over the life of this Agreement bears to the total Operating Costs incurred by all Members of the life of this Agreement.

No Member shall be required, by or under this Agreement or the Bylaws, by an amendment or otherwise, to pay any sum upon termination hereof, unless it shall have expressly agreed thereto.

Section 13. Effectiveness and Counterparts of the Agreement:

This Agreement shall not be effective until signed by the representatives of two-thirds of the Members identified in Exhibit A of this Agreement as authorized by a duly adopted resolution of the governing body of each of those Members. This Agreement may be signed in separate counterparts on behalf of any one or more than one, of the Members, without necessity for any one counterpart to be signed on behalf of all Members. Separately signed counterparts shall be filed with the Fiscal Agent and shall constitute one Agreement.

IN WITNESS WHEREOF, the representatives of the respective members listed below, pursuant to a previously duly adopted resolution, have on behalf of their respective members signed the Agreement.



Ohio Schools Council Members

(Listed by County) 157 members/28 counties

Allen

Delphos City Schools

Ashland

Ashland City Schools
Loudonville-Perrysville
Exempted Village Schools

Ashtabula

Ashtabula Area City Schools
Ashtabula County ESC
Ashtabula County JVS
Buckeye Local Schools
Geneva Area City Schools
Grand Valley Local Schools
Jefferson Area Local Schools
Pymatuning Valley Local Schools

Clark

Springfield City Schools

Columbiana

Beaver Local Schools

Cuyahoga

Bay Village City Schools
Beachwood City Schools
Bedford City Schools
Berea City Schools
Brecksville-Broadview Heights
City Schools
Brooklyn City Schools
Chagrin Falls Exempted Village
Schools
Cleve. Hts./Univ. Hts. City Schools
Cleveland Metropolitan School
District
Cuyahoga County Board of DD
Cuyahoga County ESC
Cuyahoga Heights Local Schools
Cuyahoga Valley Career Center
East Cleveland City Schools
Euclid City Schools
Fairview Park City Schools
Garfield Heights City Schools
Independence Local Schools
Lakewood City Schools
Maple Heights City Schools
Mayfield City Schools
North Olmsted City Schools
North Royalton City Schools
Olmsted Falls City Schools
Orange City Schools
Parma City Schools
Polaris Career Center
Positive Education Program
(PEP)
Richmond Heights Local
Schools
Rocky River City Schools

Cuyahoga (continued)

Shaker Heights City Schools
Solon City Schools
South Euclid/Lyndhurst City
Schools
Strongsville City Schools
Warrensville Heights City Schools
Westlake City Schools

Defiance

Defiance County Board of DD

Erie

Edison Local Schools (formerly
Berlin-Milan)
EHOVE Career Center
Huron City Schools
Sandusky City Schools
Vermilion Local Schools

Geauga

Berkshire Local Schools
Cardinal Local Schools
Chardon Local Schools
Kenston Local Schools
Ledgemont Local Schools
Newbury Local Schools
West Geauga Local Schools

Huron

Bellevue City Schools
Western Reserve Local Schools

Jefferson

Buckeye Local Schools

Lake

Auburn Career Center
Fairport Harbor Exempted
Village Schools
Kirtland Local Schools
Lake County Board of DD
Lake County ESC
Madison Local Schools
Mentor Exempted Village
Schools
Painesville City Local Schools
Perry Local Schools
Riverside Local Schools
Wickliffe City Schools
Willoughby/Eastlake City
Schools

Licking

Southwest Licking Local
Schools

Logan

Riverside Local Schools

Lorain

Amherst Ex Village Schools
Avon Lake City Schools
Clearview Local Schools
Columbia Local Schools
Elyria City Schools
Firelands Local Schools
Keystone Local Schools
Lorain City Schools
Lorain County Board of DD
Lorain County ESC
Lorain County JVS
Midview Local Schools
North Ridgeville City
Schools
Oberlin City Schools
Sheffield-Sheffield Lake
Schools
Wellington Exempted Village
Schools

Lucas

Lucas County ESC

Mahoning

Austintown Local Schools
Lowellville Local Schools
Mahoning County Career &
Technical Center
Mahoning County Board of DD
Sebring Local Schools
Struthers City Schools
West Branch Local Schools

Marion

River Valley Local Schools

Medina

Black River Local Schools
Brunswick City Schools
Buckeye Local School
District
Cloverleaf Local Schools
Highland Local Schools
Medina City Schools
Medina County Career
Center
Medina County ESC
Wadsworth City Schools

Ottawa

Benton-Carroll-Salem
Schools
Port Clinton City Schools

Portage

Aurora City Schools
Crestwood Local Schools
Kent City Schools
Portage County ESC
Portage County Board of DD

Portage (continued)

Rootstown Local Schools
Streetsboro City Schools

Richland

Madison Local Schools
Mid-Ohio ESC

Sandusky

Fremont City Schools

Stark

Jackson Local Schools

Summit

Barberton City Schools
Copley/Fairlawn City
Schools
Coventry Local Schools
Cuyahoga Falls City Schools
Green Local Schools
Hudson City Schools
Manchester Local Schools
Mogadore Local Schools
Nardon Hills City Schools
Norton City Schools
Revere Local Schools
Springfield Local Schools
Stow-Munroe Falls City Schools
Summit County Board of DD
Tallmadge City Schools
Twinsburg City Schools
Woodridge Local Schools

Trumbull

Brookfield Local Schools
Girard City Schools
Hubbard Ex. Village Schools
Lordstown Local Schools
Joseph Badger Local Schools
Newton Falls Exempted
Village Schools
Trumbull Career & Technical
Center
Warren City Schools

Wayne

Dalton Local Schools
Orrville City Schools
Rittman Exempted Village
Schools

Wood

Eastwood Local Schools
Penta County Career Center
Wood County ESC

Revised 6/30/11

BYLAWS
GOVERNING THE
OHIO SCHOOLS COUNCIL

WHEREAS, certain boards of education located within northeastern Ohio have entered into an Agreement Establishing the Ohio Schools Council pursuant to Revised Code Chapter 167, for the purpose of carrying out cooperative programs which the Members of the Council may approve, from time to time, and which are authorized under the laws of the State; and

WHEREAS, Revised Code Section 167.04 requires and the Agreement provides that the Council shall adopt Bylaws designating the officers of the Council and the method of selection thereof, creating a governing board to act for the Council, appointing a fiscal officer, and providing for the conduct of the Council's business; and

WHEREAS, each Member board of education has by duly adopted resolution authorized its representative to approve these Bylaws, and the representatives of the members have met for the purpose of adopting these Bylaws in accordance with Revised Code Section 167.04 and Section 4 of the Agreement;

NOW, THEREFORE, the following provisions shall constitute the Bylaws of the Ohio Schools Council:

Section 1. Definitions:

Any capitalized word or phrase used in these Bylaws and not otherwise defined herein, shall have the meaning given in Section 1 of the Agreement Establishing the Ohio Schools Council as that Agreement may, from time to time, be amended, modified, or supplemented in accordance with Section 10 thereof.

Section 2. Assembly:

The Assembly shall be the legislative body of the Council. The Assembly shall be composed of the representatives of the Members, who have been appointed by the respective governing body of each Member pursuant to Section 3 of the Agreement. All representatives to the Assembly (exclusive of ex-officio members) shall serve without compensation.

An Assembly representative may designate another Assembly representative as a proxy at any meeting by delivering to the Chairman of the Council a written designation of that proxy.

- (A) Ex-officio Members of the Assembly. The Treasurer of the Member board of education serving as Fiscal Agent of the Council shall be an ex-officio member of

the Assembly and may attend all meetings of the Assembly, but shall not count for purposes of determining a quorum and shall not have a vote. In the event that the Council employs a person or persons to perform the duties of the Fiscal Agent and/or Administrator in accordance with Section 5 and 9 of these Bylaws, the person or persons so employed as Fiscal Agent and/or Administrator of the Council each shall be ex-officio members of the Assembly and may attend all meetings of the Assembly, but shall not be counted for purposes of determining a quorum and shall not have a vote.

- (B) Officers. The officers of the Board of Directors shall be the officers of the Council and its Assembly and shall consist of a Chairman and Vice-Chairman who each shall be selected pursuant to Section 3 hereof. The Chairman (and in the Chairman's absence, the Vice-Chairman) shall preside at Assembly meetings. If for any reason the offices of the Chairman and Vice-Chairman are vacant, the person serving as Executive Director, if any, shall preside as temporary Chairman until a Chairman is elected by the Board of Directors. If the Council does not have an Executive Director and the offices of the Chairman and Vice-Chairman are vacant, the person serving as Fiscal Agent or his designee shall preside as temporary Chairman until a Chairman is elected by the Board of Directors.
- (C) Resolutions. A majority of all representatives to the Assembly (including proxies correctly presented to the Chairman) shall constitute a quorum to transact business except as otherwise provided in the Agreement or these Bylaws. Each representative (including the Chairman and Vice-Chairman) shall have one vote; provided, however, that when a matter is to be voted upon which is of concern to only one or more but not all Programs of the Council, only representatives of Participating Members of those Programs shall be entitled to vote on that matter and only those representatives shall be counted for purposes of determining whether a quorum is present. All legislative action of the Assembly shall be by resolution entered on its records. Except as otherwise provided in the Agreement, the affirmative vote of at least a majority of all of the representatives to the Assembly eligible to vote on a matter (not counting vacancies) shall be required for the enactment of every resolution. Unless otherwise specifically stated in the resolution, all resolutions shall be effective immediately upon enactment, subject to any authorizations or certifications required by the Revised Code to be made by the Fiscal Agent or Members.
- (D) Meetings. The Assembly shall meet on the second Tuesday of May and the first Tuesday of November and at such other times as may be requested by the Chairman or as may be requested, in writing to the Executive Director, by any six or more representatives to the Assembly. Written notice of each meeting shall be served by the Executive Director upon each Assembly representative not less than 24 hours preceding the time for meeting, and shall state the date, time, and place of the meeting and subject or subjects to be considered at the meeting. The requirements of and procedures for notice may be waived in writing by each representative and any representative shall be deemed conclusively to have waived such notice with respect to a meeting by his or her attendance at that meeting. At the request of the Chairman and with the approval of a majority of the members of the Board of Directors, the May and November meetings of the Assembly may be rescheduled from the second Tuesday of May and the first

Tuesday of November to such other dates as may be so approved by the Board of Directors; provided, however, that actions required by this Agreement to be taken by the Assembly at its May or November meetings are taken by the Assembly within thirty days of the second Tuesday of May or the first Tuesday of November, as the case may be.

Pursuant to Revised Code Section 121.22(F), the Assembly shall, by rule, establish a reasonable method whereby any person may determine the time, place, and purpose of its meetings. All meetings of the Assembly shall be open to the public, subject to the exceptions in Revised Code Section 121.22(G). The Assembly may, but need not, adopt other rules.

(E) Powers and Duties of Assembly.

- (1) At its November meeting, the Assembly shall review the annual report of the Council, including but not limited to, the financial status of the Council's operation, the participation and scope of each of the programs, and new programs being considered.
- (2) At its May meeting, the Assembly shall consider, upon submission by the Board of Directors, and thereafter modify, if necessary, and approve the annual appropriations of the Council for the next Fiscal Year based upon the estimate of Council Costs determined pursuant to Section 8 hereof. The Board of Directors shall have the authority to revise the appropriations between Assembly meetings.
- (3) At its May meeting, the Assembly shall select the members of the Board of Directors for the next Fiscal Year in accordance with Section 3 hereof.
- (4) The following matters shall be submitted to the Assembly and are subject to final approval by the Assembly: the annual appropriations of the Council for each Fiscal Year; selection of the Board of Directors; and such other matters as the Board of Directors or the Assembly may, from time to time, determine to be matters requiring approval by the Assembly.

Section 3. Board of Directors:

The Board of Directors shall be the policy making body of the Council.

(A) Composition. The Board of Directors shall be composed of:

- (1) three Assembly representatives elected by the Assembly at the May meeting of the Assembly, provided that the affirmative vote of at least a majority of the representatives to the Assembly shall be required to elect any representative to the Board of Directors;
- (1a) two At-Large Members will be appointed by the Board of Directors, one will serve a two-year term and the other a three-year term, At-Large Members may serve an unlimited amount of terms.

- (2) the representatives of following Members, if any, whose superintendents are the President, President Elect, Past President, and Treasurer of the Greater Cleveland School Superintendents' Association. If any of these positions are held by a person whose district is not a member, then the number of Assembly representatives elected to the Board of Directors pursuant to this section shall be increased accordingly by the Board of Directors so that the total number shall be seven.

The Treasurer of the Member board of education serving as Fiscal Agent of the Council shall be an ex-officio member of the Board of Directors and may attend all meetings of the Board of Directors but shall not count for purposes of determining a quorum and shall not have a vote. In the event that the Council employs a person or persons to perform the duties of Fiscal Agent and/or Administrator, in accordance with Section 5 and 9 of these Bylaws, the person or persons so employed as Fiscal Agent and/or Administrator shall each be an ex-officio member of the Board of Directors but shall not count for purposes of determining a quorum and shall not have a vote.

- (B) Terms of Office. Assembly representatives elected to serve on the Board of Directors at the first organizational meeting pursuant to division (A)(1) of this Section shall serve the following terms of office: one member of the Board shall serve a one-year term, one member of the Board shall be elected to and serve a two-year term, and the other member of the Board shall be elected to and serve a three-year term. Thereafter, any Assembly representative elected to serve on the Board of Directors pursuant to division (A)(1) of this Section shall serve a two-year term of office, commencing on the July 1 following election by the Assembly. Members of the Board of Directors who hold this position pursuant to divisions (A)(2) and (A)(3) of this Section shall serve as long as they hold the requisite position with the Greater Cleveland School Superintendents' Association. There shall be no limit to the number of terms to which a person may be elected or appointed. All members of the Board (exclusive of ex-officio members) shall serve without compensation.

In the event that a vacancy occurs on the Board of Directors, the vacancy shall be filled according to the following procedures. If the vacancy is of a member elected by the Assembly, the remaining members of the Board of Directors shall meet and appoint an Assembly representative to fill the vacancy until the next May meeting of the Assembly at which elections are held. If the vacancy occurs in a position filled pursuant to divisions (A)(2) and (A)(3) of this Section, then the person's successor in office of the Greater Cleveland School Superintendents' Association shall fill the vacancy provided that person is the representative of a Member.

- (C) Officers. At its first meeting in July in each Fiscal Year, the Board of Directors shall convene and organize. The Chairman of the Board shall be the person, if any, who holds his or her position on the Board of Directions pursuant to division (A)(2) of this Section as President of GCSSA. If no such person is a member of the Board of Directors, then the Chairman shall be elected to serve a one-year term by the Board of Directors from its members by majority vote of all its members. If the Chairman is to be elected, the Chairman whose term has expired shall preside as temporary Chairman until the Chairman is elected. In the absence of the prior

Chairman, the prior Vice-Chairman may serve as temporary Chairman. The Vice-Chairman shall be the person, if any, who holds his/her position on the Board of Directors pursuant to division (A)(2) of this Section as President-Elect of GCSSA. If no such person is a member of the Board of Directors, then the Vice-Chairman shall be elected from the members by a majority vote of all members.

- (1) Chairman. The Chairman shall preside at all meetings of the Board of Directors and the Assembly. The Chairman's duties shall also include, but not be limited to: preparing agendas for each meeting of the Board of Directors and arranging for distribution of such agendas so that each Board member receives an agenda at least seven days in advance of each regularly scheduled Board meeting and as soon as practical before any specially scheduled Board meeting; and presenting an annual report to the Assembly at its November meeting, or distribution of such report to the Members, concerning the activities and operations of the Council.
- (2) Vice-Chairman. In the absence of the Chairman, the Vice-Chairman shall preside at meetings of the Board of Directors and of the Assembly. The Vice-Chairman shall succeed to the office of the Chairman, should that office be vacated before the end of a term, and shall assist the Chairman in the discharge of his duties.
- (3) Executive Director. The Executive Director shall provide written notice to all members of the Board of Directors of all meetings of the Board in accordance with paragraph (D) of this Section. Minutes of all meetings of the Board shall be kept by the Executive Director and distributed to each member of the Board within thirty days following each Board meeting. The Executive Director shall provide Assembly members with written notice of all Assembly meetings and shall keep and distribute minutes of all Assembly meetings in accordance with Section 2 hereof. The Executive Director shall perform such other duties as the Chairman may request. If no Executive Director is hired, the above assignments will be performed by the Fiscal Agent.
- (4) Fiscal Agent. The Board of Directors shall provide for the employment of a Fiscal Agent either by:
 - (a) contracting with a school district(s), or
 - (b) hiring a person to perform the duties of the Fiscal Agent, who shall be termed the Treasurer. The Executive Director shall be the Treasurer unless otherwise determined by the Board. Separate Fiscal Agents may be hired to handle specific Programs or assigned to the Treasurer if such employee is hired. The Fiscal Agent shall receive and disburse all funds of the Council, prepare all necessary fiscal reports for the Board of Directors and the Assembly, and undertake all other financial transactions necessary to the work of the Council.

The Fiscal Agent of the Council shall obtain and keep in force a fidelity

bond, in an amount determined by the Board of Directors and with a surety company approved by the Board of Directors, or, in lieu of a separate fidelity bond, the Board of Directors may direct the Fiscal Agent to continue and keep in force any existing fidelity bond the Fiscal Agent may have which the Board of Directors determines to be adequate. In either case, the Council shall be named as an insured on such bond and the amount thereof shall not be reduced without prior written consent of the Board of Directors.

In the event that the Fiscal Agent is a Member board of education, the Member may receive a fee from the Council, in consideration for its services, in such amount as the Assembly shall approve.

- (D) Meetings. A majority of all members of the Board of Directors shall constitute a quorum to transact business. Each member of the Board of Directors (including the Chairman and Vice-Chairman) shall have one vote. Ex-officio members of the Board of Directors may attend all meetings of the Board of Directors but shall not be counted for purposes of determining a quorum and shall not have a vote. All action of the Board of directors shall be by resolution entered on its records. The affirmative vote of at least a majority of all members of the Board of Directors (not counting vacancies) shall be required for the enactment of every resolution. All resolutions shall be effective immediately upon enactment.

The Board of Directors shall meet at least six times each year, with its first meeting in each year to be held in July. At its July meeting, the Board of Directors shall set the dates for its regular meetings for the year. Additional meetings may be called by the Chairman as necessary or may be called upon written request to the Executive Director from any two or more members of the Board of Directors or from the Fiscal Agent or from six or more representatives of the Assembly. Notice, in writing, of each such meeting shall state the date, time, and place of the meeting and subject or subjects to be considered at the meeting, and shall be served by the Recording Director upon each member of the Board of Directors not less than 24 hours preceding the time for the meeting. The requirements and procedures for notice may be waived in writing by each member of the Board of Directors and any member of the Board of Directors shall be deemed conclusively to have waived such notice by his attendance at such meeting.

Pursuant to Revised Code Section 121.22(F) the Board of Directors shall, by rule, establish a reasonable method whereby any person may determine the time, place, and purpose of its meetings. All meetings of the Board of Directors shall be open to the public, subject to the exceptions in Revised Code Section 121.22(G). The Board of Directors may, but need not, adopt other rules.

- (E) Powers and Duties. The Board of Directors shall:
- (1) Consider and approve Programs in which some or all Members may determine to participate.
 - (2) Act as the board of management and control of the Council.

- (3) Appoint one or more Advisory Committees, if determined by the Board to be necessary or appropriate to assist the Board in the management of any Program.
- (4) Determine whether any employees are needed for the operation and administration of the Council's Programs and, if so, authorize the employment of such persons and establish their salaries, benefits, and work and disciplinary rules. The Board of Directors will determine which portion of such salaries and fringe benefits shall be charged as Operating Costs of the Council and which shall be charged to the individual Programs.

If the Board of Directors elects to hire a Fiscal Agent, then this person will be titled the Treasurer. If the Board of Directors decides to hire a chief executive officer for the Council, then this person will be titled the Executive Director. The Board of Directors shall provide a job description for this position. These two positions may be held by the same person or by two different persons.

- (5) Consider and approve any purchases of equipment, facilities, or services for the Council; provided that the cost thereof is within the Operating Costs approved by the Assembly pursuant to Section 8 hereof.
- (6) Make recommendations to the Assembly concerning any matter relating to the Council and its Programs, including but not limited to:
 - (a) amendments to or modifications of the Agreement and Bylaws,
 - (b) appropriations of the Council,
 - (c) each Member's share of Council Costs, and
 - (d) disqualification of Members.
- (7) Direct the Fiscal Agent concerning any disbursements from the Council Fund.
- (8) The Board of Directors may, by affirmative vote of a majority of Board members and upon certification to the Board by the Fiscal Agent that the proposal is within the limits of the Council's resources, amend the budget and appropriations of the Council.
- (9) Approve the inclusion of additional boards of education into the Council.

Section 4. Advisory Committees:

One or more Advisory Committees may be appointed by the Board of Directors to assist the Board of Directors in the management of any Program of the Council. The members of an Advisory Committee shall be appointed by and shall serve at the pleasure of the Board of Directors. Each Advisory Committee shall perform the duties directed by the Board of Directors.

Each Advisory Committee shall elect from its membership a Chairman and Vice-Chairman, who shall each serve for a term of one year or such shorter period of time as the Advisory Committee may be in existence. The Chairman shall preside at all Committee meetings and prepare the agenda for each meeting following consultation with the Executive Director or Board of Directors. In the absence of the Chairman, the Vice-Chairman shall preside at Committee meetings. The Vice-Chairman shall succeed to the office of the Chairman, should it be vacated before the end of a term, and shall assist the Chairman in the discharge of the Chairman's duties.

Each Advisory Committee shall make recommendations to the Board of Directors concerning any matter referred to it by the Board of Directors.

Section 5. Employees and Consultants:

The Council may employ a person to perform the duties of the Fiscal Agent and that person may also serve as the Executive Director for the Council and any of its Programs. In addition, the Council may employ other persons and may contract for the services of independent contractors, consultants, or experts as the Board of Directors deems necessary or appropriate for the proper operation and administration of the Council and its Programs. Any staff employed by the Council shall be determined by the Board of Directors to have the educational background and work experience necessary to discharge the duties assigned to that person by the Board of Directors. The Board of Directors shall establish the salaries, benefits, and work and disciplinary rules for the Council's staff and shall direct the hiring and discharge of that staff. The Board of Directors of the Council may designate the Executive Director to be responsible for the supervision of the Council's staff. The salaries and benefits paid to any employees of the Council and any amounts paid under contract to independent contractors, consultants, or experts shall be paid either as Operating Costs or Program Costs and from their respective accounts as determined by the Board of Directors.

Section 6. Equipment and Facilities:

The Council may purchase, lease, or otherwise provide for supplies, materials, equipment, and facilities as it deems necessary and appropriate to carry out the Programs of the Council. The Council shall comply with the laws of the State governing its Members with respect to the procedures for bidding and letting of contracts for the acquisition, repair, or improvement of its facilities, equipment, and supplies. The Fiscal Agent of the Council shall, at the direction of and on behalf of the Board of Directors, enter into all contracts or leases for supplies, materials, equipment, or facilities of the Council.

Section 7. Council Fund:

The Council Fund shall be established and maintained by the Fiscal Agent of the Council separate and apart from all other funds of the Council which may be under the custody of the Fiscal Agent. Separate funds will be established for the various Programs of the Council. All funds of the Council (Council and Program Funds) shall be subject to the laws of the State concerning the investment and management of public funds, particularly Revised Code Chapter 135, and shall be the responsibility of the Fiscal Agent.

The Fiscal Agent of the Council shall deposit in the Council Fund the contributions

received from the Members for Operating Costs of the Council, assessments from Programs as established by the Board of Directors to cover overhead expenditures, and any interest earned by the Council Fund. Disbursements may be made from the Council Fund by the Fiscal Agent at the direction of the Board of Directors or the Assembly for any proper purpose of the Council, including but not limited to payment of Operating Costs, costs incurred in connection with the establishment of the Council, costs and expenses of studies undertaken relating to new programs which may be of interest and benefit to the Members of the Council, salaries of any persons employed to carry out the functions related to the Operational Costs, fees and expenses of the Fiscal Agent in the event a Member board of education and not an employee of the Council is serving as Fiscal Agent, consultants and attorneys, and payment of other operating expenses.

The Fiscal Agent of the Council shall maintain records which identify all receipts of both the Council and Programs by source. The Fiscal Agent shall maintain records which account for all disbursements from the Council and Program Funds. The Fiscal Agent shall make monthly reports to the Board of Directors on or before the 20th day of each month concerning all receipts and disbursements from the Council and Program Funds.

Section 8. Estimate of Council Costs; Payments by Members:

On or before the May meeting of the Assembly the Board of Directors shall: (a) submit to the Assembly a written estimate of the Council Costs for the next Fiscal Year of the Council, separately itemized as Program Costs of each Program and Operating Costs of the Council, and (b) provide the Assembly and each Member with an estimate of each Member's share of the Operating Costs if a fee is to be collected. The Program Costs shall be apportioned among the Participating members as provided in each Program Agreement. Any Operating Costs of the Council shall be apportioned among the Members in the manner determined by the Board of Directors. The Operating Costs will include the overhead costs of the operation of the Programs and these costs will be covered by a fee or assessment against each of the Programs and paid to the Council Fund. The estimates shall be presented in enough detail so that the Assembly can determine their sufficiency.

The Assembly shall consider the estimates and accept or modify the same. If an assessment or fee is to be paid by the Members to the Council Fund, the Fiscal Agent shall deliver to the Members, by June 1st the estimated appropriation for the next Fiscal Year and each Member's share of the Operating Costs.

Each Member shall include its share of the Council Costs in its appropriations (pursuant to Chapter 5705 of the Revised Code) including both Program Costs as defined in the Program Agreements and Operating Costs as required by any assessments approved by the Assembly. Each Member shall thereafter (a) remit its share of Program Costs to the Fiscal Agent for the Programs in which it participates in the manner provided in the respective Program Agreement and (b) remit its share of other Operating Costs to the Fiscal Agent of the Council in the amounts and at the times directed by the Fiscal Agent.

If the aggregate of the contributions made pursuant to that estimated budget prove to be insufficient to pay the Council costs for that Fiscal Year of the Council, the Board of Directors shall direct the Fiscal Agent to promptly notify in writing each Member of any additional Council Costs, the amount of any deficiencies and each Member's share of those additional costs, all as determined by the Board of Directors, whereupon each Member shall appropriate (pursuant to Chapter 5705 of the Revised Code) the amount stated in that notice and remit the same to the

Fiscal Agent within forty-five days after receipt of that written notice.

Failure by a Member to appropriate and remit any of its share of the Council Costs pursuant to these Bylaws within sixty days after the same shall become due shall be deemed a withdrawal by such Member pursuant to Section 6 of the Agreement unless the Member has petitioned the Board of Directors for an extension of time for payment and the Board of Directors has, by resolution, approved an extension to a date certain and the Member has remitted at least twenty-five percent of its share of the Council Costs to the Fiscal Agent.

Under no circumstances shall the Fiscal Agent have the power to incur obligations for Council Costs in an amount which exceeds the total unspent amount appropriated for Council Costs and remitted to the Fiscal Agent by the governing bodies of the Members pursuant to this Agreement, except as may be permitted by law.

Section 9. Change of Fiscal Agent:

The Board of Directors may secure the services of a Fiscal Agent for the Council Fund or Program Funds by either hiring such a person for this position as an employee of the Board or contracting with a school district to provide this service.

The costs resulting from a change of Fiscal Agent, including but not limited to any title, bonding and transfer fees, shall be Operating Costs of the Council.

Section 10. Conduct of Meetings:

All meetings provided for in these Bylaws shall be conducted in accordance with the latest edition of Robert's Rules of Order, Revised unless otherwise directed by these Bylaws or by resolution of the Assembly, the Board of Directors, or any Advisory Committee with respect to the meetings of each of those bodies. The Chairman of each of those bodies shall be the parliamentary procedure officer and his or her decisions with respect to matters of parliamentary procedure shall be final.

Section 11. Amendments:

These Bylaws may be modified, amended or supplemented in any respect upon approval of the modification, amendment or supplement by first at least two-thirds of the Members' representatives and thereafter by a least two-thirds of the Members, and the approved amendment, modification, or supplement shall only thereupon become binding upon all Members.

Section 12. Initial Operation of the Council:

In the first Fiscal Year of the Council's operation, actions required by these Bylaws to be taken at the May or November meetings of the assembly or at the July meeting of the Board of Directors shall be taken as soon as practical upon the establishment of the Council.

ADOPTED this 9th day of December, 1986.

OHIO SCHOOLS COUNCIL

Amended and Revised: June 23, 1988
Amended and Revised: May 12, 1992
Amended and Revised: May 14, 2002
Amended and Revised: May 13, 2003
Amended and Revised: May 10, 2005

**EXHIBIT C-2
FINANCIAL STATEMENTS**

**OHIO AUDITOR OF STATE
KEITH FABER**

An outline map of the state of Ohio, positioned to the right of the text 'OHIO AUDITOR OF STATE KEITH FABER'. The map is a simple black line drawing of the state's border.

**Ohio Schools Council
Cuyahoga County, Ohio**

**General Purpose External Financial Statements
For the Fiscal Year Ended June 30, 2021**

Ohio Schools Council
General Purpose External Financial Statements
For the Fiscal Year Ended June 30, 2021
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OHIO AUDITOR OF STATE KEITH FABER



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Board of Directors
Ohio Schools Council
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Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the Ohio Schools Council as of and for the fiscal year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board and was prepared by management. We did not compile, review or audit the information nor do we express an opinion, a conclusion, nor provide any assurance on the information.

The Schedules of the Council's Proportionate Share of Net Pension Liability, the Schedules of the Council's Proportionate Share of Net OPEB Liability and the Schedules of the Council's Contributions are not part of the basic financial statements but the Governmental Accounting Standards Board requires their presentation to supplement the basic financial statement. We have compiled these schedules without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this information.

KEITH FABER
Auditor of State

A handwritten signature in blue ink that reads "David B. Thompson".

David B. Thompson
Chief of Local Government Services
Columbus, Ohio

November 29, 2021

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Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of Ohio Schools Council's (the Council) financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the basic financial statements and 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 2021 are as follows:

- Net position of governmental activities increased by \$1,992,985 from the prior fiscal year due to an increase current assets as well as a decrease in deferred inflows of resources.
- In total, the Council's program specific charges for services and group purchasing exceeded expenses by \$1,769,607.
- The general fund, the Council's main operating fund, increased by \$2,011,863 from the prior fiscal year balance on a cash basis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Council's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *statement of activities* presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by user fees and charges and the program expenses used to operate during the fiscal year.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are governmental funds.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains two governmental funds, the general fund and the special programs fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be the major fund.

The basic fund financial statements can be found on pages 13-16 of this report.

Notes to the Basic Financial Statements The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

Most of the Council's net position reflects its unrestricted net position. The Council uses unrestricted net position to meet ongoing obligations to creditors. The remaining net position is investment in capital assets (e.g., equipment and furniture). The Council uses these capital assets to provide services to the school districts; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Council is able to report positive balances in both categories of net position in the governmental activities. The same situation held true for the prior fiscal year.

The following table shows net position for fiscal year 2021 compared to fiscal year 2020.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 1 - Net Position

	Governmental Activities		
	2021	2020	Change
Assets			
Current and Other Assets	\$10,930,945	\$10,637,724	\$293,221
Capital Assets	21,415	27,230	(5,815)
<i>Total Assets</i>	<u>10,952,360</u>	<u>10,664,954</u>	<u>287,406</u>
Deferred Outflows of Resources			
Pension	325,386	126,540	198,846
OPEB	184,973	49,337	135,636
<i>Total Deferred Outflows of Resources</i>	<u>510,359</u>	<u>175,877</u>	<u>334,482</u>
Liabilities			
Current Liabilities	1,719,312	202,444	(1,516,868)
Unearned Revenue	1,306,263	0	(1,306,263)
Long-term Liabilities:			
Due Within One Year	22,741	22,975	234
Due in More Than One Year:			
Net Pension Liability	788,365	355,122	(433,243)
Net OPEB Liability	243,855	141,173	(102,682)
Other Amounts Due In More Than One Year	45,280	26,637	(18,643)
<i>Total Liabilities</i>	<u>4,125,816</u>	<u>748,351</u>	<u>(3,377,465)</u>
Deferred Inflows of Resources			
Pension	78,277	405,945	327,668
OPEB	488,567	492,240	3,673
<i>Total Deferred Inflows of Resources</i>	<u>566,844</u>	<u>898,185</u>	<u>331,341</u>
Net Position			
Investment in Capital Assets	21,415	27,230	(5,815)
Restricted for Other Purposes	805	0	805
Unrestricted	6,747,839	4,749,844	1,997,995
<i>Total Net Position</i>	<u>\$6,770,059</u>	<u>\$4,777,074</u>	<u>\$1,992,985</u>

The net pension liability (NPL) is the largest liability reported by the Council at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the Council is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

As noted above, the Council's net position increased from the prior fiscal year. The Council saw a net decrease in pension and OPEB deferred outflows of resources and liabilities as well as a net decrease in deferred inflows of resources. These increases occurred due to the timing of payments being requested and due to changes in assumptions and benefit terms, respectively.

Governmental Activities

The following table shows changes in net position for fiscal year 2021 compared to the prior fiscal year.

Table 2 - Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services and Group Purchasing	\$17,302,452	\$13,979,900	\$3,322,552
General Revenues:			
Investment Earnings	220,253	277,153	(56,900)
Miscellaneous	3,125	11,227	(8,102)
Total General Revenues	223,378	288,380	(65,002)
<i>Total Revenues</i>	<u>17,525,830</u>	<u>14,268,280</u>	<u>3,257,550</u>
Program Expenses			
Support Services:			
Administration	641,644	481,436	(160,208)
Fiscal	12,364,599	12,115,835	(248,764)
Business	184,583	106,796	(77,787)
Operation and Maintenance of Plant	1,631,992	2,210,774	578,782
Central	646,017	643,372	(2,645)
Operation of Non-Instructional Services	64,010	0	(64,010)
Total Expenses	<u>15,532,845</u>	<u>15,558,213</u>	<u>25,368</u>
Change in Net Position	1,992,985	(1,289,933)	3,282,918
Net Position, Beginning of Year - Restated (see Note 3)	<u>4,777,074</u>	<u>6,067,007</u>	<u>(1,289,933)</u>
Net Position, End of Year	<u>\$6,770,059</u>	<u>\$4,777,074</u>	<u>\$1,992,985</u>

Ohio Schools Council
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Charges for services revenue increased in fiscal year 2021 because the Council increased services to the school districts. Safety plan services continued to increase. The amount being invested during the fiscal year increased as well.

Program expenses increased from the prior fiscal year due to an increase in pension expense related to certain assumption changes as well as changes to benefit terms.

Analysis of the Governmental Fund

Governmental Fund Information about the Council's governmental funds starts on page 13. The Council has two governmental funds, the general fund, which is the chief operating fund of the Council, and the special programs fund, which accounts for member contributions for the gas, liability, insurance and purchasing programs. The total general fund balance increased from the prior fiscal year due to an increase in salary related expenditures.

Capital Assets

During fiscal year 2021, the Council incurred an additional year's depreciation.

The Council continued its ongoing commitment to maintaining and improving its capital assets. For more information on the Council's capital assets, see Note 8.

Long-Term Obligations

At June 30, 2021, the Council had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and net pension liability and net OPEB liability. For additional information on long-term obligations, see Note 9 to the basic financial statements.

Current Issues Affecting Financial Condition

The finances of the Council are dependent upon school district membership dues, and participation of school districts and municipalities in various programs offered through the Council for which the Council charges fees. Council membership has grown to 266 school districts in 37 counties. The municipalities, private schools, universities and libraries cannot join the Council, but can participate in the programs offered by the Council by joining as an Affiliate Member. There are 17 Affiliate Members.

The mission of the Council is to provide school districts the opportunity to buy products and services at significantly reduced prices. The Council has negotiated significant savings for school districts to purchase natural gas, electricity, various types of insurance, and various types of supplies and equipment and software subscriptions. In addition to the Council's annual membership fee, members are charged fees to participate in the Lake Erie Educational Media Consortium (LEEMC), Natural Gas, Computer Technology Services, Time Clock, Electronic Vendor Audit System and Electronic Payroll Audit System (eVAS/ePAS), Life Insurance, Cooperative Purchasing (the fees were waived for fiscal year 2021) and School Bus Purchasing (the fees were waived for fiscal year 2021). The Council continues offering a service to assist school districts in completing their Emergency Safety Plan Submissions to the Ohio Department of Education. The cost to participate is \$150 per school building. Changes in the number of members participating in any of these programs will affect the total revenue of the Council. The Council also receives a commission from vendors based on purchases from members.

Ohio Schools Council
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Unaudited

The Council also receives revenue from Engie Resources during the fiscal year for the Power4Schools Electric Program. The revenue is based on the kwh delivered to the member school districts and from AEPA, a 26 state cooperative purchasing organization, that provides revenue to each participating state for member purchases from awarded contracts. AEPA issues payment to the Ohio Council of Educational Purchasing Consortia (OCEPC) and they distribute payment to each regional cooperative each year. The total AEPA payment is divided by all the total of all Ohio cooperatives student enrollment to determine a per student amount. Then, the per student amount is multiplied by each cooperatives student count to determine the amount distributed to each regional cooperative.

Contacting the Council's Financial Management

This financial report is designed to provide our members, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for money it receives. If you have questions about this report or need additional financial information, contact William Zelei, Executive Director, at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Ohio Schools Council
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,662,067
Accounts Receivable	35,927
Intergovernmental Receivable	48,094
Accrued Interest Receivable	3,947
Prepaid Items	180,910
Depreciable Capital Assets	21,415
<i>Total Assets</i>	<u>10,952,360</u>
Deferred Outflows of Resources	
Pension	325,386
OPEB	184,973
<i>Total Deferred Outflows of Resources</i>	<u>510,359</u>
Liabilities	
Accounts Payable	1,353,442
Accrued Wages and Benefits Payable	87,304
Intergovernmental Payable	172,985
Unearned Revenue	1,306,263
Vacation Benefits Payable	105,581
Long-Term Liabilities:	
Due Within One Year	22,741
Due In More Than One Year:	
Net Pension Liability (See Note 10)	788,365
Net OPEB Liability (See Note 11)	243,855
Other Amounts Due In More Than One Year	45,280
<i>Total Liabilities</i>	<u>4,125,816</u>
Deferred Inflows of Resources	
Pension	78,277
OPEB	488,567
<i>Total Deferred Inflows of Resources</i>	<u>566,844</u>
Net Position	
Investment in Capital Assets	21,415
Restricted for Other Purposes	805
Unrestricted	6,747,839
<i>Total Net Position</i>	<u><u>\$6,770,059</u></u>

See accompanying notes to the basic financial statements

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Group Purchases	Governmental Activities
Governmental Activities			
Support Services:			
Administration	\$641,644	\$574,151	(\$67,493)
Fiscal	12,364,599	14,142,099	1,777,500
Business	184,583	162,629	(21,954)
Operation and Maintenance of Plant	1,631,992	1,796,836	164,844
Central	646,017	626,737	(19,280)
Operation of Non-Instructional Services	64,010	0	(64,010)
<i>Totals</i>	<u>\$15,532,845</u>	<u>\$17,302,452</u>	<u>1,769,607</u>
	General Revenues		
	Investment Earnings		220,253
	Miscellaneous		<u>3,125</u>
	<i>Total General Revenues</i>		<u>223,378</u>
	Change in Net Position		1,992,985
	<i>Net Position Beginning of Year</i>		<u>4,777,074</u>
	<i>Net Position End of Year</i>		<u>\$6,770,059</u>

See accountant's compilation report

Ohio Schools Council*Balance Sheet**Governmental Funds**June 30, 2021*

	General	Special Programs	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,016,256	\$2,645,811	\$10,662,067
Accounts Receivable	35,927	0	35,927
Intergovernmental Receivable	765	47,329	48,094
Accrued Interest Receivable	3,947	0	3,947
Prepaid Items	180,910	0	180,910
<i>Total Assets</i>	<u>\$8,237,805</u>	<u>\$2,693,140</u>	<u>\$10,930,945</u>
Liabilities			
Accounts Payable	\$24,753	\$1,328,689	\$1,353,442
Accrued Wages and Benefits Payable	87,304	0	87,304
Unearned Revenue	0	1,306,263	1,306,263
Intergovernmental Payable	115,602	57,383	172,985
<i>Total Liabilities</i>	<u>227,659</u>	<u>2,692,335</u>	<u>2,919,994</u>
Deferred Inflows of Resources			
Unavailable Revenue	<u>10,807</u>	<u>805</u>	<u>11,612</u>
Fund Balances			
Nonspendable	180,910	0	180,910
Assigned	59,643	0	59,643
Unassigned	7,758,786	0	7,758,786
<i>Total Fund Balances</i>	<u>7,999,339</u>	<u>0</u>	<u>7,999,339</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$8,237,805</u>	<u>\$2,693,140</u>	<u>\$10,930,945</u>

See accompanying notes to the basic financial statements

Ohio Schools Council
*Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2021*

Total Governmental Funds Balance		\$7,999,339
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		21,415
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds.		
Charges for Services	10,807	
Charges for Group Purchasing	<u>805</u>	
Total		11,612
Vacation benefits payable is not expected to be paid with expendable available resources and therefore not reported in the fund.		(105,581)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the fund.		(68,021)
The net pension and OPEB liabilities is not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental fund:		
Deferred Outflows - Pension	325,386	
Deferred Outflows - OPEB	184,973	
Net Pension Liability	(788,365)	
Net OPEB Liability	(243,855)	
Deferred Inflows - Pension	(78,277)	
Deferred Inflows - OPEB	<u>(488,567)</u>	
Total		<u>(1,088,705)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$6,770,059</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Special Programs	Total Governmental Funds
Revenues			
Interest	\$220,253	\$0	\$220,253
Charges for Services	1,460,450	0	1,460,450
Charges for Group Purchases	0	15,831,916	15,831,916
Tuition and Fees	1,000	0	1,000
Miscellaneous	3,125	0	3,125
<i>Total Revenues</i>	<u>1,684,828</u>	<u>15,831,916</u>	<u>17,516,744</u>
Expenditures			
Current:			
Support Services:			
Administration	691,025	0	691,025
Fiscal	32,581	12,332,018	12,364,599
Business	189,491	0	189,491
Operation and Maintenance of Plant	190,289	1,435,888	1,626,177
Central	676,201	0	676,201
Operation of Non-Instructional Services	0	64,010	64,010
<i>Total Expenditures</i>	<u>1,779,587</u>	<u>13,831,916</u>	<u>15,611,503</u>
<i>Net Change in Fund Balance</i>	(94,759)	2,000,000	1,905,241
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>8,094,098</u>	<u>(2,000,000)</u>	<u>6,094,098</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,999,339</u></u>	<u><u>\$0</u></u>	<u><u>\$7,999,339</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balance -Total Governmental Funds	\$1,905,241
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***Amounts reported for governmental activities in the
statement of activities are different because:***

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

	(5,815)
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Charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Charges for Services	8,281	
Charges for Group Purchasing	805	
Total		9,086

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

Vacation Benefits Payable	(27,016)	
Compensated Absences	(18,409)	
Total		(45,425)

Contractually required contributions are reported as expenditures in the governmental fund; however, the statement of net position reports these amounts as deferred outflows.

Pension	58,143	
OPEB	2,148	
Total		60,291

Except for the amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities.

Pension	35,128	
OPEB	34,479	
Total		69,607

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,992,985</u></u>
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See accompanying notes to the basic financial statements

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 – Description of the Council and Reporting Entity

The Ohio Schools Council, Cuyahoga County, Ohio, (the Council) is a jointly governed organization established under Chapter 167, Revised Code, in 1986. The Council was created by school districts for the purpose of saving money through volume purchases. The Council consists of 266 school districts in 37 counties as well as 17 affiliate member municipalities, private schools, universities and libraries throughout Ohio. Each school district member superintendent serves as a representative of the Assembly. The Assembly is the legislative body of the Council. The Council operates under a nine-member Board of Directors (the Board). Five members of the Board are selected by the Assembly from among the member districts, and the remaining four are the representatives of the president, president-elect, past president and treasurer of the Greater Cleveland School Superintendents' Association. The Board is the policy making authority of the Council. The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board.

Description of the Entity

The Council provides services primarily in the area of procurement. The Council negotiates pricing for its members on consumable products such as maintenance and office/classroom supplies, books, buses, and GPS equipment, and services such as computer and network repair, shipping, electronic vendor audit systems (eVAS), time clock and payroll management, workers compensation, electricity, online training, legal hotline, leadership searches, waste, employee life insurance, natural gas, energy efficiency, HVAC, safety and security and diesel fuel purchasing.

Members and other not-for-profit entities contribute amounts sufficient to cover substantially all annual costs of the Council through program administration fees. Upon termination of the Council, surpluses remaining in any Council Program, after payment of all known obligations, will be distributed to the participating members in the manner provided in the Program Agreement. After payment of all known obligations of the Council, other than those incurred in connection with any program, any surplus remaining in the Council general fund shall be distributed among the members in the same proportion to the total remaining as the amount of each member's total share of operating costs incurred.

The reporting entity for the Council is comprised of all departments, boards and agencies that are not legally separate from the Council and any other organizations that would need to be included to ensure that the financial statements of the Council are not misleading.

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 organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Council has no component units.

The Council participates in two jointly governed organizations. These organizations are Connect and the Power 4 Schools Program. These organizations are presented in Note 14.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Council that are governmental and those that are considered business-type. The Council, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Council at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, within certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the Council.

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 Council has two governmental funds including the general fund and the special programs fund.

Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, all of the Council's funds are classified as governmental.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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

General Fund The general fund is the general operating fund. It is used to account for and report all financial resources except those required to be accounted for and reported in another fund.

Special Programs Fund The special programs fund is used to account for and report member contributions restricted for the gas, liability, insurance and purchasing programs.

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The Council defines available as expected to be received within sixty days of fiscal year-end.

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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, charges for services and charges for group purchasing.

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The Council recognizes unearned revenue for member contributions restricted for the gas, liability, insurance and purchasing programs.

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

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

Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Council passes an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required. See supplemental information on page 52.

Cash and Cash Equivalents

Cash received by the Council is pooled in a central bank account. Monies for all funds are maintained in this account. Individual fund integrity is maintained through the Council's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2021, the Council's investments were limited to STAR Ohio, an American treasury obligation fund account, US treasury bills, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds 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.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.

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The Council measures its investment in the first American treasury obligation fund account as the net asset value (NAV) per share provided by First American Funds. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$220,253, of which \$54,656 was assigned from other Council funds.

Investments of the 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

All capital assets of the Council are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Council was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The Council maintains a capitalization threshold of five hundred dollars. The Council does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities
	Estimated Lives
Furniture and Equipment	5 - 40 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Council will compensate the employees for the benefits through paid time off or some other means. The Council records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Up to sixty vacation days may be accumulated. Since the Council's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments, vacation benefits and compensated absences, that will be paid from the governmental fund are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable.

Estimates

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes member contributions restricted for the gas, liability, insurance and purchasing program.

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

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 fund. The classifications are as follows:

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

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

Ohio Schools Council
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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 Board of Directors. Those committed amounts cannot be used for any other purpose unless the Council Board of Directors 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. State statute authorizes the Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Council, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Council, deferred inflows of resources includes pension and OPEB plans and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Council, unavailable revenue includes charges for services and charges for group purchasing. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 14. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 10 and 11).

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

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

Ohio Schools Council
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Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Changes in Accounting Principles and Restatement of Fund Balances

Change in Accounting Principles

For fiscal year 2021, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Council will no longer be reporting agency funds. The Council reviewed its agency funds and all funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the Council's financial statements.

For fiscal year 2021, the Council also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the Council's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Fund Balance

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	<u>General</u>	<u>Special Programs</u>	<u>Total Governmental Funds</u>
Fund Balance June 30, 2020	\$6,094,098	\$0	\$6,094,098
Adjustments:			
GASB 84	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>0</u>
Restated Fund Balance June 30, 2020	<u>\$8,094,098</u>	<u>(\$2,000,000)</u>	<u>\$6,094,098</u>

Also related to the implementation of GASB Statement No. 84, the Council will no longer be reporting agency funds, at June 30, 2020, agency funds reported assets and liabilities of \$4,417,221. The Council will not be reporting custodial funds under GASB 84.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 4 – Cash and Investments

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

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

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.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

Investments

Investments are reported at fair value. As of June 30, 2021, the Council had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$2,975,908	Average 54.4 Days	AAAm	N/A
American Treasury Obligation Fund Account	55,566	Less than One Year	N/A	N/A
Total Net Asset Value Per Share	3,031,474			
Fair Value - Level Two Inputs:				
US Treasury Bills	255,908	Less than One Year	AA+	N/A
Federal Home Loan Mortgage Corporation Bonds	250,123	More than Three Years	AA+	N/A
Federal Home Loan Bank Bonds	241,785	More than Three Years	AA+	N/A
Federal National Mortgage Association Bonds	926,573	More than Three Years	AA+	11.08%
Federal Farm Credit Bank Bonds	1,349,344	More than Three Years	AA+	16.14%
Negotiable Certificates of Deposit	2,305,364	More than Three Years	N/A	27.57%
Total Fair Value - Level Two Inputs	5,329,097			
Total Investments	\$8,360,571			

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Council's recurring fair value measurements as of June 30, 2021. The Council's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets,

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benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the Council's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Council's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Council has no investment policy that addresses credit risk.

Concentration of Credit Risk The Council places no limit on the amount it may invest in any one issuer.

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 governmental funds are presented below:

Fund Balance	General
<i>Nonspendable:</i>	
Prepays	\$180,910
Restricted for Other Purposes	0
<i>Assigned:</i>	
Purchases on Order	59,643
Unassigned	<u>7,758,786</u>
<i>Total Fund Balance</i>	<u><u>\$7,999,339</u></u>

Note 6 – Receivables

Receivables at June 30, 2021 consisted of accounts, intergovernmental and accrued interest receivable. All receivables are considered collectible in full within one year.

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A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Brunswick City School District	\$8,055
Polaris Career Center	7,500
Springfield Local School District	5,000
West Geauga Local School District	4,600
Warrensville Heights City School District	4,496
Labrae Local School District	3,389
Fremont City School District	3,312
Norwalk City School District	3,029
Western Reserve Local School District	2,235
Garfield Heights City School District	2,000
Hubbard Exempted Village School District	1,607
Canfield Local School District	1,145
Oberlin City School District	894
Bucyrus City School District	588
Waterloo Local School District	244
Total	<u><u>\$48,094</u></u>

Note 7 – Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from board policy and State laws. Only contracted personnel who are under a 210-day contract are eligible for vacation time.

Staff employed with a 210-day contract is entitled to the following vacation day schedule:

- Twenty (20) days per year (1st through 15th year)
- Twenty (25) days per year (16th through 25th year)
- Thirty (30) days per year (26th through 35 or more years)

Days in the above schedule refer to workdays. Vacation time will be pro-rated based on the employee's start date and end date in the first and last years of employment. Vacation may only be accumulated up to 60 days. All vacation time shall be approved in advance by their immediate supervisor.

Upon retirement or voluntary separation from the organization, accumulated sick leave may be paid to the employee on the following basis:

- After five years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 15 days.
- After ten years of continuous service with the Council, the employee is entitled to receive payment of his/her per diem rate up to one-fourth of accumulated sick leave not to exceed 30 days.
- After twenty years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 45 days.

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Payment to the employee of this benefit shall eliminate all accumulated sick leave. Employees who retire or take a voluntary separation from the organization shall request severance pay within three months of leaving the Council.

Sick leave shall be accrued according to the following schedule for contract employees:

260	contract days	15	sick days per year
245-259	contract days	14	sick days per year
230-244	contract days	13	sick days per year
210-229	contract days	12	sick days per year
195-209	contract days	11	sick days per year
175-194	contract days	10	sick days per year
160-174	contract days	9	sick days per year
140-159	contract days	8	sick days per year
125-139	contract days	7	sick days per year
105-124	contract days	6	sick days per year
70-104	contract days	5	sick days per year
55-69	contract days	3	sick days per year
35-54	contract days	2	sick days per year
20-34	contract days	1	sick days per year

Sick leave may accumulate over time to equal the number of work days as found in each employee's annual contract.

Hourly employees accrue one hour of sick leave for every 20 hours worked up to a maximum of 900 hours of sick leave. Every eight hours of sick leave will be converted to one day of unused sick leave for severance purposes.

Insurance Benefits

The Council has elected to provide employee medical, dental and life insurance benefits through a private carrier.

For individuals employed with 260-day contracts, prior to August 1, 2005, the Council shall pay 100 percent of the cost of medical and dental insurance.

For individuals employed with a 210-day contract after August 1, 2005, the Council shall pay 80 percent of the cost of medical and dental insurance.

The Council pays up to \$1,888 per month towards the cost for the medical and dental insurance provided for the Executive Director and Assistant Executive Director. In lieu of medical and dental insurance, the Executive Director and/or Assistant Executive Director may choose to receive a stipend of \$378 per month for fiscal year 2020. This stipend may be taken either as reimbursement of medical expenses or deposited in an annuity. This stipend is not considered part of the salary for the positions.

The Council provides Health Savings Accounts of \$3,000 per single or \$6,000 per family per year to employees enrolled in medical insurance.

The Council pays for life insurance in the amount of 2.5 times the employee's annual salary or a flat amount of \$50,000.

In lieu of vision insurance, the Council reimburses employees up to \$200 per year for vision related expenses, such as eye examination, glasses, and/or contacts, upon submission of receipts. As of July 1, 2021 the Council will reimburse employees up to \$400 per year for vision related expenses.

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Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance 7/1/2020	Addition	Deletion	Balance 6/30/2021
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Furniture and Equipment	\$54,664	\$0	\$0	\$54,664
Less Accumulated Depreciation	(27,434)	(5,815)	0	(33,249)
Governmental Activities Capital Assets, Net	<u>\$27,230</u>	<u>(\$5,815)</u>	<u>\$0</u>	<u>\$21,415</u>

Depreciation expense was charged to the operation and maintenance of plant support service function.

Note 9 – Long Term Obligations

The changes in the Council long-term obligations during fiscal year 2021 were as follows:

	Balance 7/1/2020	Additions	Deductions	Balance 6/30/2021	Amount Due in One Year
Governmental Activities					
Compensated Absences	\$49,612	\$41,384	(\$22,975)	\$68,021	\$22,741
Net Pension Liability	355,122	433,243	0	788,365	0
Net OPEB Liability	141,173	102,682	0	243,855	0
<i>Total Long-Term Liabilities</i>	<u>\$545,907</u>	<u>\$577,309</u>	<u>(\$22,975)</u>	<u>\$1,100,241</u>	<u>\$22,741</u>

Compensated absences will be paid from the general fund. There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB plan contributions are made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11, respectively.

Note 10 – Defined Benefit Pension Plan

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

Net Pension Liability/Net OPEB Liability

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

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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.

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

School 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 under Employers/Audit Resources.

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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 30 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. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost of living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Council's contractually required contribution to SERS was \$58,143 for fiscal year 2021. Of this amount \$3,594 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, 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:

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

	<u>SERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.01191923%
Prior Measurement Date	<u>0.00593530%</u>
Change in Proportionate Share	<u><u>0.00598393%</u></u>
Proportionate Share of the Net Pension Liability	\$788,365
Pension Expense	(\$35,128)

At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$1,532
Net difference between projected and actual earnings on pension plan investments	50,045
Changes in proportionate share and difference between Council contributions and proportionate share of contributions	215,666
Council contributions subsequent to the measurement date	<u>58,143</u>
Total Deferred Outflows of Resources	<u><u>\$325,386</u></u>
Deferred Inflows of Resources	
Changes in proportionate share and difference between Council contributions and proportionate share of contributions	<u>\$78,277</u>
Total Deferred Inflows of Resources	<u><u>\$78,277</u></u>

\$58,143 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>
Fiscal Year Ending June 30:	
2022	\$57,309
2023	95,127
2024	20,860
2025	<u>15,670</u>
Total	<u><u>\$188,966</u></u>

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 Council's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Council's proportionate share of the net pension liability	\$1,079,961	\$788,365	\$543,707

Note 11 – Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability.

School 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 health care 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. 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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, 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 2021, this amount was \$23,000. 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 2021, the Council's surcharge obligation was \$2,148.

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 was \$2,148 for fiscal year 2021. Of this amount \$2,148 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2020, 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 and OPEB expense:

	<u>SERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.01122042%
Prior Measurement Date	<u>0.00561377%</u>
Change in Proportionate Share	<u>0.00560665%</u>
Proportionate Share of the:	
Net OPEB Liability	\$243,855
OPEB Expense	(\$34,479)

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$3,202
Changes of assumptions	41,569
Net difference between projected and actual earnings on OPEB plan investments	2,748
Changes in proportionate share and difference between Council contributions and proportionate share of contributions	135,306
Council contributions subsequent to the measurement date	2,148
Total Deferred Outflows of Resources	\$184,973
Deferred Inflows of Resources	
Differences between expected and actual experience	\$124,019
Changes of assumptions	6,142
Changes in proportionate share and difference between Council contributions and proportionate share of contributions	358,406
Total Deferred Inflows of Resources	\$488,567

\$2,148 reported as deferred outflows of resources related to OPEB resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS
Fiscal Year Ending June 30:	
2022	(\$86,944)
2023	(86,745)
2024	(86,778)
2025	(49,692)
2026	(3,462)
Thereafter	7,879
Total	(\$305,742)

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.

Ohio Schools Council
Notes to the Basic Financial Statements
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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, 2020, are presented as follows:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption:	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020, was 2.63 percent. The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 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 State statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2033, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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 Council's proportionate share of the net OPEB liability for SERS and what the Council's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the Council's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Council's proportionate share of the net OPEB liability	\$298,474	\$243,855	\$200,435
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
Council's proportionate share of the net OPEB liability	\$192,018	\$243,855	\$313,177

Note 12 – Lease Obligations

The Council entered into a new lease agreement with the Educational Service Center of Northeast Ohio for the term of November 1, 2018 through October 31, 2023. The new rental space is located at 6393 Oak Tree Boulevard, Suite 377. The terms of the lease include monthly payments for the lease; however, the Council paid a lump sum of \$307,038 in September of 2019 and the remainder of the lease during fiscal year 2020.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 13 – Risk Management

Workers' Compensation

The Council pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Property and Liability

The Council is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year the Council contracted with Todd Associates, Incorporated for all insurance. The types of coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
Director's and Officers' Liability	\$5,000,000	\$10,000
Employment Practices Liability	5,000,000	10,000
Employer's Liability (Ohio Stop Gap)	5,000,000	None
General Liability	5,000,000	10,000
Commercial Property	158,000	10,000
Forgery or Alteration Coverage	1,000,000	10,000
Computer Fraud	500,000	10,000
Funds Transfer Fraud	500,000	10,000
Errors and Omissions	100,000	10,000
Individual Bond for William Zelei	20,000	None
Individual Bond for Dennis Allen	20,000	None
Cyber Security	2,000,000	10,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 14 – Jointly Governed Organizations

Connect

Connect is a jointly governed organization among sixteen school districts in Cuyahoga County and the Council. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports Connect based on a per pupil charge. The Council paid \$11,355 to Connect during the fiscal year 2021.

The Governing Board consists of the superintendents from the Educational Service Center (ESC) of Northeast Ohio, Lorain County ESC, Medina County ESC and the Executive Director of the Council. The degree of control exercised by any participating member is limited to its representation of the Governing Board. The Board exercises total control over the operation of the organization including budgeting, appropriating, contracting and designating management. To obtain a copy of Connect's financial statements, write to the Service Center at 6393 Oak Tree Boulevard., Independence, Ohio 44131.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Power 4 Schools Program

The Council participates in the Power 4 Schools Program., a jointly governed organization, which provides the economical supply of electricity to Ohio school districts to maximize savings on the purchase of electricity. Power 4 Schools is governed by a four-member Electricity Committee appointed by a board consisting of the executive directors of the Ohio Schools Council, the Buckeye Association of School Administrators (BASA), the Ohio Association of School Business Officials (OASBO), and Ohio School Boards Association (OSBA). The degree of control exercised by any participating programs is limited to its representation of the Board. The Committee members will serve two year terms. The Board oversees and manages the operation of the program. The Council contributed \$5,048 during fiscal year 2021 for the operation of Power 4 Schools. Financial information can be obtained by contacting Jim Rowan at Ohio Association of School Business Officials, 8050 North High Street, Suite 170, Columbus, Ohio 43235.

Note 15 – Natural Gas Program

The Ohio Schools Council entered into a contract with CMS Energy Corporation, of Jackson, Michigan in 1999 to supply natural gas to participating school districts for 12 years. Under the agreement, the City of Hamilton, Ohio prepaid CMS for 44 billion cubic feet of gas to be delivered from November 1, 1999 to October 31, 2011 by issuing \$89,450,000 in bonds. This transaction locked in a twelve-year firm supply of natural gas at favorable market rates for the benefit of all participants. In August 2006 CMS Energy Corporation opted to no longer participate in the prepaid gas program and defeased the outstanding bonds. \$58,455,232 was placed on deposit with US Bank a sufficient amount of government securities to pay off all the outstanding bonds as they came due November 2011. This prepaid gas program was terminated during fiscal year 2007.

In August 2009, all districts that participated in the prepaid natural gas program on August 24, 2006 were sent a check for “surplus” funds totaling \$2.8 million. The surplus funds were the result of the settlement with CMS Energy Management Corporation when they were released from their contract as supplier. Each district’s payment was based on actual gas consumption during the program by the district divided by the total volume of gas consumed by all the eligible participants during the term of the program.

These “surplus” funds were kept separate from the Council’s funds and all interest earned by these funds were deposited back into the account. The Council was reimbursed \$100,000 from these funds for payment of costs incurred by the Council and attributable to this program and the cost of creating a new program.

An interim supply agreement was approved with Exelon Energy for one year beginning August 2006 that was renewed in October 2007 and was effective until September 30, 2008. Energy USA was selected as the new natural gas supplier and program manager beginning October 1, 2008 to September 30, 2010. In June 2010, the Council entered into an agreement with Compass Energy Gas Services LLC to be the natural gas supplier and program manager beginning October 1, 2010 through March 31, 2013. The contract with Compass Energy Gas Services LLC was extended for an additional three years beginning April 1, 2013 through March 31, 2016. The contract with Constellation New Energy was extended for an additional 12 months until June 30, 2018, and again through June 30, 2019. The original members of the prepaid natural gas program continued to participate in the natural gas aggregation program with no new program agreement. A new five year agreement has been approved with Constellation New Energy for the period of July 1, 2019 through June 30, 2022.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

New members that joined from August 2006 to June 2008 used the program agreement and resolution to secure board approval to participate. Beginning in June 2008 a revised agreement was used by new members to secure board approval to participate. Both agreements have an indefinite term and provide the option to withdraw from the program by sending written notification by certified mail on or before September 15 of the fiscal year proceeding the fiscal year in which the participant wishes to withdraw from the program.

The Council provides participating school districts the ability to purchase natural gas at reduced rates. There are currently 172 members in the Program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The Council's investment portfolio and the investments of the pension and other employee benefit plans in which the Council participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 17 – Charges for Group Purchasing

The Council was created by school districts for the purpose of saving money through volume purchases. The Council negotiates pricing for its members on consumable products such as maintenance and office/classroom supplies, books, buses, and GPS equipment, and services such as computer and network repair, shipping, electronic vendor audit systems (eVAS), time clock and payroll management, workers compensation, electricity, online training, legal hotline, leadership searches, waste and recycling, employee life insurance, natural gas, energy efficiency, HVAC, safety and security and diesel fuel purchasing. In addition to collecting the cost of the consumable products, the Council charges administrative fees for participation in the various programs. The administrative fee is reported in the general fund. The activity related to the actual cost of the products is accounted for in the special programs special revenue fund. The amounts collected from the members for the cost of the consumable products are shown as charges for group purchasing revenues with corresponding expenses/expenditures for the payments to the vendors.

Required Supplementary Information

Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Eight Fiscal Years (1) **

	2021	2020	2019	2018
Council's Proportion of the Net Pension Liability	0.01191923%	0.00593530%	0.01324121%	0.02758128%
Council's Proportionate Share of the Net Pension Liability	\$788,365	\$355,122	\$758,351	\$1,647,922
Council's Covered Payroll	\$208,700	\$406,200	\$852,400	\$656,850
Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	377.75%	87.43%	88.97%	250.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.02044315%	0.01830000%	0.01397000%	0.01397000%
\$1,496,250	\$1,044,153	\$707,013	\$830,751
\$644,907	\$457,807	\$409,372	\$387,305
232.01%	228.08%	172.71%	214.50%
62.98%	69.16%	71.70%	65.52%

Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2021	2020	2019	2018	2017
Council's Proportion of the Net OPEB Liability	0.01122042%	0.00561377%	0.01259499%	0.02593049%	0.01929975%
Council's Proportionate Share of the Net OPEB Liability	\$243,855	\$141,173	\$349,419	\$695,906	\$550,114
Council's Covered Payroll	\$208,700	\$406,200	\$852,400	\$656,850	\$644,907
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	116.84%	34.75%	40.99%	105.95%	85.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

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Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018
Net Pension Liability:				
Contractually Required Contribution	\$58,143	\$29,218	\$54,837	\$115,074
Contributions in Relation to the Contractually Required Contribution	<u>(58,143)</u>	<u>(29,218)</u>	<u>(54,837)</u>	<u>(115,074)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Council Covered Payroll (1)	\$415,307	\$208,700	\$406,200	\$852,400
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$2,148	\$889	\$2,031	\$4,262
Contributions in Relation to the Contractually Required Contribution	<u>(2,148)</u>	<u>(889)</u>	<u>(2,031)</u>	<u>(4,262)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.52%</u>	<u>0.43%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>14.52%</u>	<u>14.43%</u>	<u>14.00%</u>	<u>14.00%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$91,959	\$90,287	\$60,339	\$56,739	\$53,603	\$56,314
(91,959)	(90,287)	(60,339)	(56,739)	(53,603)	(56,314)
\$0	\$0	\$0	\$0	\$0	\$0
\$656,850	\$644,907	\$457,807	\$409,374	\$387,305	\$418,691
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$0	\$0	\$3,754	\$573	\$620	\$2,303
0	0	(3,754)	(573)	(620)	(2,303)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.82%	0.14%	0.16%	0.55%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Ohio Schools Council
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	<u>Beginning in Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Additional Supplementary Information

Additional Supplementary Information

Ohio Schools Council

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$85,000	\$85,000	\$122,530	\$37,530
Charges for Services	1,487,650	1,487,650	1,545,019	57,369
Tuition and Fees	15,000	15,000	1,000	(14,000)
Miscellaneous	500	500	3,125	2,625
<i>Total Revenues</i>	<u>1,588,150</u>	<u>1,588,150</u>	<u>1,671,674</u>	<u>83,524</u>
Expenditures				
Current:				
Support Services:				
Administration	638,700	638,700	626,129	12,571
Fiscal	37,525	37,525	27,220	10,305
Business	187,150	187,150	174,866	12,284
Operation and Maintenance of Plant	166,763	166,763	114,164	52,599
Central	765,859	765,859	717,432	48,427
Operation of Non-Instructional Services	1,700	1,700	0	1,700
<i>Total Expenditures</i>	<u>1,797,697</u>	<u>1,797,697</u>	<u>1,659,811</u>	<u>137,886</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(209,547)</u>	<u>(209,547)</u>	<u>11,863</u>	<u>221,410</u>
Other Financing Sources (Uses)				
Advances In	2,000,000	2,000,000	2,000,000	0
<i>Net Change in Fund Balance</i>	<u>1,790,453</u>	<u>1,790,453</u>	<u>2,011,863</u>	<u>221,410</u>
<i>Fund Balance Beginning of Year</i>	<u>5,734,135</u>	<u>5,734,135</u>	<u>5,734,135</u>	<u>0</u>
Prior Year Encumbrances Appropriated	83,697	83,697	83,697	0
<i>Fund Balance End of Year</i>	<u>\$7,608,285</u>	<u>\$7,608,285</u>	<u>\$7,829,695</u>	<u>\$221,410</u>

See accompanying notes to the supplemental information

Additional Supplementary Information

Ohio Schools Council Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget (Non-GAAP Basis) and Actual Special Programs Fund For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Group Purchases	\$14,147,003	\$14,047,003	\$14,464,866	\$417,863
Expenditures				
Current:				
Support Services:				
Fiscal	13,926,463	12,614,456	12,519,712	94,744
Operation and Maintenance of Plant	1,918,190	1,737,478	1,491,787	245,691
Operation of Non-Instructional Services	77,281	70,000	64,010	5,990
<i>Total Expenditures</i>	<u>15,921,934</u>	<u>14,421,934</u>	<u>14,075,509</u>	<u>346,425</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,774,931)	(374,931)	389,357	764,288
Other Financing Sources (Uses)				
Advances Out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,774,931)	(2,374,931)	(1,610,643)	764,288
<i>Fund Balance Beginning of Year</i>	2,277,922	2,277,922	2,277,922	0
Prior Year Encumbrances Appropriated	<u>1,881,934</u>	<u>1,881,934</u>	<u>1,881,934</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$384,925</u>	<u>\$1,784,925</u>	<u>\$2,549,213</u>	<u>\$764,288</u>

See accompanying notes to the supplemental information

Ohio Schools Council
Notes to the Additional Supplementary Information
For the Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Basis of Accounting

Budgetary Process

The Council is no longer required under State statute to file budgetary information with the State Department of Education. However, the Council's Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board's authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the object level.

The Executive Director reviews the prior year's revenues and factors in the wages expected to be charged for the services offered in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Council Executive Director. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Budgetary Basis of Accounting

While the Council is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Budgetary revenues and expenditures of the rotary are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

Ohio Schools Council
Notes to the Additional Supplementary Information
For the Fiscal Year Ended June 30, 2021

6. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statements for the general fund and major special revenue fund.

	Net Change in Fund Balance	
	General	Special Programs
GAAP Basis	(\$94,759)	\$2,000,000
Net Adjustment for Revenue Accruals	228,803	(1,284,151)
Beginning Fair Value Adjustment for Investments	(115,939)	(82,899)
Ending Fair Value Adjustment for Investments	(126,018)	0
Advance In	2,000,000	0
Net Adjustment for Expenditure Accruals	180,319	(146,995)
Advance Out	0	(2,000,000)
Adjustment for Encumbrances	(60,543)	(96,598)
Budget Basis	<u>\$2,011,863</u>	<u>(\$1,610,643)</u>

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**OHIO SCHOOLS COUNCIL
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2020 and 2019

**OHIO SCHOOLS COUNCIL
CUYAHOGA COUNTY**

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**OHIO SCHOOLS COUNCIL
CUYAHOGA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Ohio Schools Council
Cuyahoga County
6393 Oak Tree Boulevard, Suite 377
Independence, Ohio 44131

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ohio Schools Council, Cuyahoga County, Ohio (the Council), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Council, as of June 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the June 30, 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Council's basic financial statements taken as a whole.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund present additional analysis and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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
Auditor of State
Columbus, Ohio

March 15, 2021

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Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Ohio Schools Council's (the Council) financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the basic financial statements and 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 2020 are as follows:

- Net position of governmental activities decreased by \$1,289,933 from the prior fiscal year due to a decrease in current and other assets. During fiscal year 2020, the Council took action to assist member school districts with meeting the challenges of the COVID-19 pandemic. The Council purchased needed supplies on behalf of the member school districts. The member school districts will then reimburse the Council by the end of fiscal year 2021.
- In total, the Council's expenses exceeded program specific charges for services by \$1,578,313.
- The general fund, the Council's only operating fund, decreased by \$1,551,531 from the prior fiscal year balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Council's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *statement of activities* presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by user fees and charges and the program expenses used to operate during the fiscal year.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental and fiduciary funds.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be the major fund.

The basic fund financial statements can be found on pages 13-16 of this report.

Fiduciary Funds The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Council's own programs. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trusts funds and agency funds. Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Council's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Council's only fiduciary fund is an agency fund.

The basic fiduciary fund financial statement can be found on page 17 of this report.

Notes to the Basic Financial Statements The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

Most of the Council's net position reflects its unrestricted net position. The Council uses unrestricted net position to meet ongoing obligations to creditors. The remaining net position is investment in capital assets (e.g., equipment and furniture). The Council uses these capital assets to provide services to the school districts; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Council is able to report positive balances in both categories of net position in the governmental activities. The same situation held true for the prior fiscal year.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The following table shows net position for fiscal year 2020 compared to fiscal year 2019.

Table 1 - Net Position

	Governmental Activities		
	2020	2019	Change
Assets			
Current and Other Assets	\$6,220,503	\$7,877,316	(\$1,656,813)
Capital Assets	27,230	22,759	4,471
<i>Total Assets</i>	<u>6,247,733</u>	<u>7,900,075</u>	<u>(1,652,342)</u>
Deferred Outflows of Resources			
Pension	126,540	350,278	(223,738)
OPEB	49,337	90,471	(41,134)
<i>Total Deferred Outflows of Resources</i>	<u>175,877</u>	<u>440,749</u>	<u>(264,872)</u>
Liabilities			
Current Liabilities	202,444	261,347	58,903
Long-term Liabilities:			
Due Within One Year	22,975	21,490	(1,485)
Due in More Than One Year:			
Net Pension Liability	355,122	758,351	403,229
Net OPEB Liability	141,173	349,419	208,246
Other Amounts Due In More Than One Year	26,637	21,042	(5,595)
<i>Total Liabilities</i>	<u>748,351</u>	<u>1,411,649</u>	<u>663,298</u>
Deferred Inflows of Resources			
Pension	405,945	492,594	86,649
OPEB	492,240	369,574	(122,666)
<i>Total Deferred Inflows of Resources</i>	<u>898,185</u>	<u>862,168</u>	<u>(36,017)</u>
Net Position			
Investment in Capital Assets	27,230	22,759	4,471
Unrestricted	4,749,844	6,044,248	(1,294,404)
<i>Total Net Position</i>	<u>\$4,777,074</u>	<u>\$6,067,007</u>	<u>(\$1,289,933)</u>

The net pension liability (NPL) is the largest liability reported by the Council at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the Council is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

As noted above, the Council's net position decreased from the prior fiscal year. The Council saw a net decrease in pension and OPEB deferred outflows of resources and liabilities offset by a net increase in deferred inflows of resources. These increases occurred due to the timing of payments being requested and due to changes in assumptions and benefit terms, respectively. The Council also provided funds for the COVID-19 response to support member school districts.

Governmental Activities

The following table shows changes in net position for fiscal year 2020 compared to the prior fiscal year.

Table 2 - Changes in Net Position

	Governmental Activities		
	2020	2019	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,907,305	\$1,456,911	\$450,394
General Revenues:			
Investment Earnings	277,153	249,952	27,201
Miscellaneous	11,227	18,996	(7,769)
Total General Revenues	288,380	268,948	19,432
<i>Total Revenues</i>	<u>2,195,685</u>	<u>1,725,859</u>	<u>469,826</u>
Program Expenses			
Support Services:			
Administration	481,436	587,091	105,655
Fiscal	43,240	33,988	(9,252)
Business	106,796	165,298	58,502
Operation and Maintenance of Plant	2,210,774	291,140	(1,919,634)
Central	643,372	848,492	205,120
Non-Instructional Services	0	58,001	58,001
Total Expenses	<u>3,485,618</u>	<u>1,984,010</u>	<u>(1,501,608)</u>
Change in Net Position	(1,289,933)	(258,151)	(1,031,782)
Net Position, Beginning of Year	<u>6,067,007</u>	<u>6,325,158</u>	<u>(258,151)</u>
Net Position, End of Year	<u><u>\$4,777,074</u></u>	<u><u>\$6,067,007</u></u>	<u><u>(\$1,289,933)</u></u>

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Charges for services and investment earnings revenues increased in fiscal year 2020 because the Council increased services to the school districts. Safety plan services continued to increase. The amount being invested during the fiscal year increased as well.

Program expenses increased from the prior fiscal year due to salary increases to all employees as well as the Council taking action to assist member school districts with meeting the challenges of the COVID-19 pandemic.

Analysis of the Governmental Fund

Governmental Fund Information about the Council's governmental fund starts on page 13. This fund uses the modified accrual basis of accounting. The Council only has one governmental fund, the general fund, which is the chief operating fund of the Council. The total general fund balance decreased from the prior fiscal year due to an increase in salary related expenditures.

Capital Assets

During fiscal year 2020, the Council acquired \$14,063 in new capital assets, offset by a year's depreciation and deletions.

The Council continued its ongoing commitment to maintaining and improving its capital assets. For more information on the Council's capital assets, see Note 8.

Long-Term Obligations

At June 30, 2020, the Council had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and net pension liability and net OPEB liability. For additional information on long-term obligations, see Note 9 to the basic financial statements.

Current Issues Affecting Financial Condition

The finances of the Council are dependent upon school district membership dues, and participation of school districts and municipalities in various programs offered through the Council for which the Council charges fees. Council membership has grown to 254 school districts in 34 counties. The municipalities, private schools, universities and libraries cannot join the Council, but can participate in the programs offered by the Council by joining as an Affiliate Member. There are 18 Affiliate Members.

The mission of the Council is to provide school districts the opportunity to buy products and services at significantly reduced prices. The Council has negotiated significant savings for school districts to purchase natural gas, electricity, various types of insurance, and various types of supplies and equipment and software subscriptions. In addition to the Council's annual membership fee, members are charged fees to participate in the Lake Erie Educational Media Consortium (LEEMC), Natural Gas, Computer Technology Services, Time Clock, Electronic Vendor Audit System and Electronic Payroll Audit System (eVAS/ePAS), Life Insurance, Property, Fleet and General Liability Insurance (the fee was waived for fiscal year 2020), Cooperative Purchasing (the fees were waived for fiscal year 2020) and School Bus Purchasing (the fees were waived for fiscal year 2020). The Council continues offering a service to assist school districts in completing their Emergency Safety Plan Submissions to the Ohio Department of Education. The cost to participate is \$150 per school building. Changes in the number of members participating in any of these programs will affect the total revenue of the Council. The Council also receives a commission from vendors based on purchases from members.

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The Council also receives revenue from First Energy during the first half of the fiscal year and Engie Resources during the 2nd half of the fiscal year for the Power4Schools Electric Program. The revenue is based on the kwh delivered to the member school districts and from AEPA, a 26 state cooperative purchasing organization, that provides revenue to each participating state for member purchases from awarded contracts. AEPA issues payment to the Ohio Council of Educational Purchasing Consortia (OCEPC) and they distribute payment to each regional cooperative each year. The total AEPA payment is divided by all the total of all Ohio cooperatives student enrollment to determine a per student amount. Then, the per student amount is multiplied by each cooperatives student count to determine the amount distributed to each regional cooperative.

Contacting the Council's Financial Management

This financial report is designed to provide our members, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for money it receives. If you have questions about this report or need additional financial information, contact William Zelei, Executive Director, at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Ohio Schools Council
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,850,074
Accounts Receivable	106,368
Accrued Interest Receivable	6,612
Prepaid Items	257,449
Depreciable Capital Assets	27,230
<i>Total Assets</i>	<u>6,247,733</u>
Deferred Outflows of Resources	
Pension	126,540
OPEB	49,337
<i>Total Deferred Outflows of Resources</i>	<u>175,877</u>
Liabilities	
Accounts Payable	16,241
Accrued Wages and Benefits Payable	92,099
Intergovernmental Payable	15,539
Vacation Benefits Payable	78,565
Long-Term Liabilities:	
Due Within One Year	22,975
Due In More Than One Year:	
Net Pension Liability (See Note 10)	355,122
Net OPEB Liability (See Note 11)	141,173
Other Amounts Due In More Than One Year	26,637
<i>Total Liabilities</i>	<u>748,351</u>
Deferred Inflows of Resources	
Pension	405,945
OPEB	492,240
<i>Total Deferred Inflows of Resources</i>	<u>898,185</u>
Net Position	
Investment in Capital Assets	27,230
Unrestricted	4,749,844
<i>Total Net Position</i>	<u><u>\$4,777,074</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Governmental Activities
Governmental Activities			
Support Services:			
Administration	\$481,436	\$311,705	(\$169,731)
Fiscal	43,240	21,699	(21,541)
Business	106,796	96,314	(10,482)
Operation and Maintenance of Plant	2,210,774	1,111,684	(1,099,090)
Central	643,372	365,903	(277,469)
<i>Totals</i>	<u>\$3,485,618</u>	<u>\$1,907,305</u>	<u>(1,578,313)</u>
		General Revenues	
		Investment Earnings	277,153
		Miscellaneous	11,227
		<i>Total General Revenues</i>	<u>288,380</u>
		Change in Net Position	(1,289,933)
		<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>6,067,007</u>
		<i>Net Position End of Year</i>	<u><u>\$4,777,074</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council

Balance Sheet

Governmental Fund

June 30, 2020

	General
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,850,074
Accounts Receivable	106,368
Accrued Interest Receivable	6,612
Prepaid Items	257,449
<i>Total Assets</i>	<u>\$6,220,503</u>
Liabilities	
Accounts Payable	\$16,241
Accrued Wages and Benefits Payable	92,099
Intergovernmental Payable	15,539
<i>Total Liabilities</i>	<u>123,879</u>
Deferred Inflows of Resources	
Unavailable Revenue	<u>2,526</u>
Fund Balances	
Nonspendable	257,449
Assigned	75,419
Unassigned	5,761,230
<i>Total Fund Balances</i>	<u>6,094,098</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$6,220,503</u>

See accompanying notes to the basic financial statements

Ohio Schools Council
*Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2020*

Total Governmental Funds Balance		\$6,094,098
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		27,230
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds.		2,526
Vacation benefits payable is not expected to be paid with expendable available resources and therefore not reported in the fund.		(78,565)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the fund.		(49,612)
The net pension and OPEB liabilities is not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental fund:		
Deferred Outflows - Pension	126,540	
Deferred Outflows - OPEB	49,337	
Net Pension Liability	(355,122)	
Net OPEB Liability	(141,173)	
Deferred Inflows - Pension	(405,945)	
Deferred Inflows - OPEB	(492,240)	
Total		(1,218,603)
<i>Net Position of Governmental Activities</i>		<u><u>\$4,777,074</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2020

	<u>General</u>
Revenues	
Interest	\$277,153
Charges for Services	1,928,665
Tuition and Fees	14,050
Miscellaneous	<u>11,227</u>
<i>Total Revenues</i>	<u>2,231,095</u>
Expenditures	
Current:	
Support Services:	
Administration	606,419
Fiscal	43,240
Business	190,648
Operation and Maintenance of Plant	2,215,245
Central	<u>727,074</u>
<i>Total Expenditures</i>	<u>3,782,626</u>
<i>Net Change in Fund Balance</i>	(1,551,531)
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>7,645,629</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,094,098</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balance -Total Governmental Funds	(\$1,551,531)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	14,063	
Capital Asset Deletions	(2,279)	
Current Year Depreciation	<u>(7,313)</u>	
Total		4,471

Charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	(35,410)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(10,969)	
Compensated Absences	<u>(7,080)</u>	
Total		(18,049)

Contractually required contributions are reported as expenditures in the governmental fund; however, the statement of net position reports these amounts as deferred outflows.

Pension	29,218	
OPEB	<u>889</u>	
Total		30,107

Except for the amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities.

Pension	236,922	
OPEB	<u>43,557</u>	
Total		<u>280,479</u>

<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$1,289,933)</u></u>
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See accompanying notes to the basic financial statements

Ohio Schools Council
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,242,755
Accounts Receivable	169,738
Accrued Interest Receivable	<u>4,728</u>
<i>Total Assets</i>	<u><u>\$4,417,221</u></u>
Liabilities	
Accounts Payable	\$1,702,805
Undistributed Monies	<u>2,714,416</u>
<i>Total Liabilities</i>	<u><u>\$4,417,221</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Description of the Council and Reporting Entity

The Ohio Schools Council, Cuyahoga County, Ohio, (the Council) is a jointly governed organization established under Chapter 167, Revised Code, in 1986. The Council was created by school districts for the purpose of saving money through volume purchases. The Council consists of 254 school districts in 34 counties as well as 18 affiliate member municipalities, private schools, universities and libraries throughout Ohio. Each school district member superintendent serves as a representative of the Assembly. The Assembly is the legislative body of the Council. The Council operates under a nine-member Board of Directors (the Board). Five members of the Board are selected by the Assembly from among the member districts, and the remaining four are the representatives of the president, president-elect, past president and treasurer of the Greater Cleveland School Superintendents' Association. The Board is the policy making authority of the Council. The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board.

Description of the Entity

The Council provides services primarily in the area of procurement. The Council negotiates pricing for its members on consumable products such as maintenance and office/classroom supplies, books, buses, and GPS equipment, and services such as computer and network repair, shipping, electronics recycling, electronic vendor audit systems (eVAS), time clock and payroll management, workers compensation, electricity, non-sufficient fund collection, outbound calling, online training, legal hotline, leadership searches, waste and recycling, property, fleet and liability insurance, employee life insurance, natural gas and energy efficiency.

Members and other not-for-profit entities contribute amounts sufficient to cover substantially all annual costs of the Council through program administration fees. Upon termination of the Council, surpluses remaining in any Council Program, after payment of all known obligations, will be distributed to the participating members in the manner provided in the Program Agreement. After payment of all known obligations of the Council, other than those incurred in connection with any program, any surplus remaining in the Council general fund shall be distributed among the members in the same proportion to the total remaining as the amount of each member's total share of operating costs incurred.

The reporting entity for the Council is comprised of all departments, boards and agencies that are not legally separate from the Council and any other organizations that would need to be included to ensure that the financial statements of the Council are not misleading.

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 organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Council has no component units.

The Council participates in two jointly governed organizations. These organizations are Connect and the Power 4 Schools Program. These organizations are presented in Note 14.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the Council at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, within certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the Council.

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 Council's general fund is its only governmental fund.

Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the Council's funds are classified as either governmental or fiduciary.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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

General Fund The general fund is the general operating fund. It is used to account for and report all financial resources except those required to be accounted for and reported in another fund.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Council's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Council uses an agency fund for the following types of services:

Natural Gas Program accounts for assets held by the Council as an agent for member entities involved in the Council-administered natural gas program.

Property/Fleet/Liability Insurance accounts for assets held by the Council as an agent for member entities involved in the Council-administered property/fleet/liability insurance program premiums.

Life Insurance accounts for assets held by the Council as an agent for member entities life insurance program premiums.

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Fiduciary funds also use the

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The Council defines available as expected to be received within sixty days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest and charges for services.

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

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

Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Council passes an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required. See supplemental information on page 52.

Cash and Cash Equivalents

Cash received by the Council is pooled in a central bank account. Monies for all funds are maintained in this account. Individual fund integrity is maintained through the Council's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2020, the Council's investments were limited to STAR Ohio, an American treasury obligation fund account, US treasury bills, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal farm credit bank bonds 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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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.

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

The Council measures its investment in the first American treasury obligation fund account as the net asset value (NAV) per share provided by First American Funds. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Investments of the 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

All capital assets of the Council are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Council was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The Council maintains a capitalization threshold of five hundred dollars. The Council does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

Description	Governmental Activities Estimated Lives
Furniture and Equipment	5 - 40 years

Compensated Absences

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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

one year of service. Up to sixty vacation days may be accumulated. Since the Council's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments, vacation benefits and compensated absences, that will be paid from the governmental fund are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Estimates

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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 fund. The classifications are as follows:

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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board of Directors. Those committed amounts cannot be used for any other purpose unless the Council Board of Directors 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. State statute authorizes the Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Director also assigned fund balance for rotary.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Council, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Council, deferred inflows of resources includes pension and OPEB plans and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Council, unavailable revenue includes charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 14. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 10 and 11).

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

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

Ohio Schools Council
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For the Year Ended June 30, 2020

Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Changes in Accounting Principles and Restatement of Net Position and Fund Balances

Change in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Council evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the Council's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position and Fund Balances

During fiscal year 2020, the Council determined cash was overstated in the general fund. This restatement adjusted general fund balance \$216,454, from \$7,862,083 to \$7,645,629 at June 30, 2019. This restatement also adjusted governmental activities net position at June 30, 2019 \$216,454, from \$6,283,461 to \$6,067,007.

During fiscal year 2020, the Council determined cash was understated in the agency funds. This restatement increased assets and liabilities in the agency funds \$216,454, from \$2,037,745 to \$2,254,199.

Note 4 – Cash and Investments

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

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

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.

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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, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

Ohio Schools Council
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For the Year Ended June 30, 2020

Investments

Investments are reported at fair value. As of June 30, 2020, the Council had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$2,570,842	Average 41.5 Days	AAAm	32.37%
American Treasury Obligation Fund Account	47,595	Less than One Year	N/A	0.60%
Total Net Asset Value Per Share	2,618,437			
Fair Value - Level Two Inputs:				
US Treasury Bills	259,425	Less than One Year	AA+	3.27%
Federal Home Loan Mortgage Corporation Bonds	450,045	More than Three Years	AA+	5.67%
Federal National Mortgage Association Bonds	537,526	More than Three Years	AA+	6.77%
Federal Farm Credit Bank Bonds	1,483,794	More than Three Years	AA+	18.68%
Negotiable Certificates of Deposit	2,592,459	More than Three Years	N/A	32.64%
Total Fair Value - Level Two Inputs	5,323,249			100%
Total Investments	\$7,941,686			

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Council's recurring fair value measurements as of June 30, 2020. The Council's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the Council's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Council's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Council has no investment policy that addresses credit risk.

Concentration of Credit Risk The Council places no limit on the amount it may invest in any one issuer.

Ohio Schools Council
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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 general fund are presented below:

<u>Fund Balance</u>	<u>General</u>
<i>Nonspendable:</i>	
Prepays	\$257,449
<i>Assigned:</i>	
Purchases on Order	\$75,419
Unassigned	<u>5,761,230</u>
<i>Total Fund Balance</i>	<u><u>\$6,094,098</u></u>

Note 6 – Receivables

Receivables at June 30, 2020 consisted of accounts and accrued interest receivable. All receivables are considered collectible in full within one year.

Note 7 – Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from board policy and State laws. Only contracted personnel who are under a 260-day contract are eligible for vacation time.

Staff employed with a 260-day contract is entitled to the following vacation day schedule:

- Twenty (20) days per year (1st through 15th year)
- Twenty (25) days per year (16th through 25th year)
- Thirty (30) days per year (26th through 35 or more years)

Days in the above schedule refer to workdays. Vacation time will be pro-rated based on the employee's start date and end date in the first and last years of employment. Vacation may only be accumulated up to 60 days. All vacation time shall be approved in advance by their immediate supervisor.

Upon retirement or voluntary separation from the organization, accumulated sick leave may be paid to the employee on the following basis:

- After five years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 15 days.

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- After ten years of continuous service with the Council, the employee is entitled to receive payment of his/her per diem rate up to one-fourth of accumulated sick leave not to exceed 30 days.
- After twenty years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 45 days.

Payment to the employee of this benefit shall eliminate all accumulated sick leave. Employees who retire or take a voluntary separation from the organization shall request severance pay within three months of leaving the Council.

Sick leave shall be accrued according to the following schedule for contract employees:

260	contract days	15	sick days per year
200	contract days	10	sick days per year
150	contract days	8	sick days per year
70	contract days	5	sick days per year
60	contract days	3	sick days per year

Sick leave may accumulate over time to equal the number of work days as found in each employee's annual contract.

Hourly employees accrue one hour of sick leave for every 20 hours worked up to a maximum of 900 hours of sick leave. Every eight hours of sick leave will be converted to one day of unused sick leave for severance purposes.

Insurance Benefits

The Council has elected to provide employee medical, dental and life insurance benefits through a private carrier.

For individuals employed with 260-day contracts, prior to August 1, 2005, the Council shall pay 100 percent of the cost of medical and dental insurance.

For individuals employed with a 210-day contract after August 1, 2005, the Council shall pay 80 percent of the cost of medical and dental insurance.

The Council pays up to \$1,000 per month towards the cost for the medical and dental insurance provided for the Executive Director and Assistant Executive Director. In lieu of medical and dental insurance, the Executive Director and/or Assistant Executive Director may choose to receive a stipend of \$350 per month for fiscal year 2020. This stipend may be taken either as reimbursement of medical expenses or deposited in an annuity. This stipend is not considered part of the salary for the positions.

The Council provides Health Savings Accounts of \$3,000 per single or \$6,000 per family per year to employees enrolled in medical insurance.

The Council pays for life insurance in the amount of 2.5 times the employee's annual salary or a flat amount of \$50,000.

In lieu of vision insurance, the Council reimburses employees up to \$200 per year for vision related expenses, such as eye examination, glasses, and/or contacts, upon submission of receipts.

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Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance 7/1/2019	Addition	Deletion	Balance 6/30/2020
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Furniture and Equipment	\$60,758	\$14,063	(\$20,157)	\$54,664
Less Accumulated Depreciation	(37,999)	(7,313)	17,878	(27,434)
Governmental Activities Capital Assets, Net	<u>\$22,759</u>	<u>\$6,750</u>	<u>(\$2,279)</u>	<u>\$27,230</u>

Depreciation expense was charged to the operation and maintenance of plant support service function.

Note 9 – Long Term Obligations

The changes in the Council long-term obligations during fiscal year 2020 were as follows:

	Balance 7/1/2019	Additions	Deductions	Balance 6/30/2020	Amount Due in One Year
Governmental Activities					
Compensated Absences	\$42,532	\$28,570	(\$21,490)	\$49,612	\$22,975
Net Pension Liability	758,351	0	(403,229)	355,122	0
Net OPEB Liability	349,419	0	(208,246)	141,173	0
<i>Total Long-Term Liabilities</i>	<u>\$1,150,302</u>	<u>\$28,570</u>	<u>(\$632,965)</u>	<u>\$545,907</u>	<u>\$22,975</u>

Note 10 – Defined Benefit Pension Plan

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

Net Pension Liability/Net OPEB Liability

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

The net pension/OPEB liability (asset) 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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies,

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description – School 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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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. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Council's contractually required contribution to SERS was \$29,218 for fiscal year 2020. Of this amount \$1,528 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, 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:

	<u>SERS</u>
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.01324121%
Current Measurement Date	<u>0.00593530%</u>
Change in Proportionate Share	<u>-0.00730591%</u>
Proportionate Share of the Net	
Pension Liability	\$355,122
Pension Expense	(\$236,922)

At June 30, 2020, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>SERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$9,006
Changes in proportionate Share and difference between Council contributions and proportionate share of contributions	88,316
Council contributions subsequent to the measurement date	<u>29,218</u>
Total Deferred Outflows of Resources	<u>\$126,540</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$4,558
Changes in Proportionate Share and Difference between Council contributions and proportionate share of contributions	<u>401,387</u>
Total Deferred Inflows of Resources	<u>\$405,945</u>

\$29,218 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>
2021	(\$224,764)
2022	(86,141)
2023	(305)
2024	<u>2,587</u>
Total	<u>(\$308,623)</u>

Actuarial Assumptions – SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan

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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 pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Ohio Schools Council
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Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Council's proportionate share of the net pension liability	\$497,649	\$355,122	\$235,590

Note 11 – Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability.

Plan Description – School 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. 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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health

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For the Year Ended June 30, 2020

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 2020, 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 2020, this amount was \$19,600. 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 2020, the Council's surcharge obligation was \$889.

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 was \$889 for fiscal year 2020. Of this amount \$889 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Council's proportion of the net OPEB liability (asset) 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 and OPEB expense:

	<u>SERS</u>
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.01259499%
Current Measurement Date	<u>0.00561377%</u>
Change in Proportionate Share	<u>-0.00698122%</u>
Proportionate Share of the:	
Net OPEB Liability	\$141,173
OPEB Expense	(\$43,557)

At June 30, 2020, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

	<u>SERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$2,072
Changes of assumptions	10,311
Net difference between projected and actual earnings on OPEB plan investments	339
Changes in proportionate Share and difference between Council contributions and proportionate share of contributions	35,726
Council contributions subsequent to the measurement date	<u>889</u>
Total Deferred Outflows of Resources	<u><u>\$49,337</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$31,015
Changes of assumptions	7,912
Changes in Proportionate Share and Difference between Council contributions and proportionate share of contributions	<u>453,313</u>
Total Deferred Inflows of Resources	<u><u>\$492,240</u></u>

\$889 reported as deferred outflows of resources related to OPEB resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>
Fiscal Year Ending June 30:	
2021	(\$67,288)
2022	(99,077)
2023	(98,978)
2024	(98,994)
2025	(62,041)
Thereafter	<u>(17,414)</u>
Total	<u><u>(\$443,792)</u></u>

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,

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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, 2019, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 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 state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Council's proportionate share of the net OPEB liability	\$171,359	\$141,173	\$117,174

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
Council's proportionate share of the net OPEB liability	\$113,109	\$141,173	\$178,410

Note 12 – Lease Obligations

The Council entered into a new lease agreement with the Educational Service Center of Northeast Ohio for the term of November 1, 2018 through October 31, 2023. The new rental space is located at 6393 Oak Tree Boulevard, Suite 377. The terms of the lease include monthly payments for the lease; however, the Council paid a lump sum of \$307,038 in September of 2019 and the remainder of the lease during fiscal year 2020.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 13 – Risk Management

Workers' Compensation

The Council pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Property and Liability

The Council is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year the Council contracted with Todd Associates, Incorporated for all insurance. The types of coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
Director's and Officers' Liability	\$2,000,000	\$1,000
Employment Practices Liability	2,000,000	2,500
Employer's Liability (Ohio Stop Gap)	1,000,000	None
General Liability	1,000,000	None
Commercial Property	150,000	1,000
Forgery or Alteration Coverage	1,000,000	2,500
Computer Fraud	500,000	2,500
Funds Transfer Fraud	500,000	2,500
Errors and Omissions	100,000	2,500
Individual Bond for William Zelei	20,000	None
Individual Bond for Dennis Allen	20,000	None
Cyber Security	2,000,000	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 14 – Jointly Governed Organizations

Connect

Connect is a jointly governed organization among sixteen school districts in Cuyahoga County and the Council. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports Connect based on a per pupil charge. The Council paid \$7,062 to Connect during the fiscal year 2020.

The Governing Board consists of superintendents of each participating school district and the Council. The degree of control exercised by any participating school district is limited to its representation of the Governing Board. The Board exercises total control over the operation of the organization including budgeting, appropriating, contracting and designating management. To obtain a copy of Connect's financial statements, write to the Service Center at 6393 Oak Tree Boulevard., Independence, Ohio 44131.

Power 4 Schools Program

The Council participates in the Power 4 Schools Program., a jointly governed organization, which provides the economical supply of electricity to Ohio school districts to maximize savings on the purchase of electricity. Power 4 Schools is governed by a four-member Electricity Committee appointed by a board consisting of the executive directors of the Ohio Schools Council, the Buckeye Association of

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

School Administrators (BASA), the Ohio Association of School Business Officials (OASBO), and Ohio School Boards Association (OSBA). The degree of control exercised by any participating programs is limited to its representation of the Board. The Committee members will serve two year terms. The Board oversees and manages the operation of the program. The Council contributed \$22,164 during fiscal year 2020 for the operation of Power 4 Schools. Financial information can be obtained by contacting Jim Rowan at Ohio Association of School Business Officials, 8050 North High Street, Suite 170, Columbus, Ohio 43235.

Note 15 – Natural Gas Program

The Ohio Schools Council entered into a contract with CMS Energy Corporation, of Jackson, Michigan in 1999 to supply natural gas to participating school districts for 12 years. Under the agreement, the City of Hamilton, Ohio prepaid CMS for 44 billion cubic feet of gas to be delivered from November 1, 1999 to October 31, 2011 by issuing \$89,450,000 in bonds. This transaction locked in a twelve-year firm supply of natural gas at favorable market rates for the benefit of all participants. In August 2006 CMS Energy Corporation opted to no longer participate in the prepaid gas program and defeased the outstanding bonds. \$58,455,232 was placed on deposit with US Bank a sufficient amount of government securities to pay off all the outstanding bonds as they came due November 2011. This prepaid gas program was terminated during fiscal year 2007.

In August 2009, all districts that participated in the prepaid natural gas program on August 24, 2006 were sent a check for “surplus” funds totaling \$2.8 million. The surplus funds were the result of the settlement with CMS Energy Management Corporation when they were released from their contract as supplier. Each district’s payment was based on actual gas consumption during the program by the district divided by the total volume of gas consumed by all the eligible participants during the term of the program.

These “surplus” funds were kept separate from the Council’s funds and all interest earned by these funds were deposited back into the account. The Council was reimbursed \$100,000 from these funds for payment of costs incurred by the Council and attributable to this program and the cost of creating a new program.

An interim supply agreement was approved with Exelon Energy for one year beginning August 2006 that was renewed in October 2007 and was effective until September 30, 2008. Energy USA was selected as the new natural gas supplier and program manager beginning October 1, 2008 to September 30, 2010. In June 2010, the Council entered into an agreement with Compass Energy Gas Services LLC to be the natural gas supplier and program manager beginning October 1, 2010 through March 31, 2013. The contract with Compass Energy Gas Services LLC was extended for an additional three years beginning April 1, 2013 through March 31, 2016. The contract with Constellation New Energy was extended for an additional 12 months until June 30, 2018, and again through June 30, 2019. The original members of the prepaid natural gas program continued to participate in the natural gas aggregation program with no new program agreement. A new five year agreement has been approved with Constellation New Energy for the period of July 1, 2019 through June 30, 2022.

New members that joined from August 2006 to June 2008 used the program agreement and resolution to secure board approval to participate. Beginning in June 2008 a revised agreement was used by new members to secure board approval to participate. Both agreements have an indefinite term and provide the option to withdraw from the program by sending written notification by certified mail on or before September 15 of the fiscal year proceeding the fiscal year in which the participant wishes to withdraw from the program.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

The Council provides participating school districts the ability to purchase natural gas at reduced rates. There are currently 161 members in the Program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The Council's investment portfolio and the investments of the pension and other employee benefit plans in which the City participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Required Supplementary Information

Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2020	2019	2018	2017
Council's Proportion of the Net Pension Liability	0.00593530%	0.01324121%	0.02758128%	0.02044315%
Council's Proportionate Share of the Net Pension Liability	\$355,122	\$758,351	\$1,647,922	\$1,496,250
Council's Covered Payroll	\$406,200	\$852,400	\$656,850	\$644,907
Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	87.43%	88.97%	250.88%	232.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.01830000%	0.01397000%	0.01397000%
\$1,044,153	\$707,013	\$830,751
\$457,807	\$409,372	\$387,305
228.08%	172.71%	214.50%
69.16%	71.70%	65.52%

Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2020	2019	2018	2017
Council's Proportion of the Net OPEB Liability	0.00561377%	0.01259499%	0.02593049%	0.01929975%
Council's Proportionate Share of the Net OPEB Liability	\$141,173	\$349,419	\$695,906	\$550,114
Council's Covered Payroll	\$406,200	\$852,400	\$656,850	\$644,907
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	34.75%	40.99%	105.95%	85.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

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Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018
Net Pension Liability:			
Contractually Required Contribution	\$29,218	\$54,837	\$115,074
Contributions in Relation to the Contractually Required Contribution	(29,218)	(54,837)	(115,074)
Contribution Deficiency (Excess)	\$0	\$0	\$0
Council Covered Payroll (1)	\$208,700	\$406,200	\$852,400
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%
Net OPEB Liability:			
Contractually Required Contribution (2)	\$889	\$2,031	\$4,262
Contributions in Relation to the Contractually Required Contribution	(889)	(2,031)	(4,262)
Contribution Deficiency (Excess)	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	0.43%	0.50%	0.50%
Total Contributions as a Percentage of Covered Payroll (2)	14.43%	14.00%	14.00%

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012	2011
\$91,959	\$90,287	\$60,339	\$56,739	\$53,603	\$56,314	\$51,359
(91,959)	(90,287)	(60,339)	(56,739)	(53,603)	(56,314)	(51,359)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$656,850	\$644,907	\$457,807	\$409,374	\$387,305	\$418,691	\$408,586
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$0	\$0	\$3,754	\$573	\$620	\$2,303	\$5,843
0	0	(3,754)	(573)	(620)	(2,303)	(5,843)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.82%	0.14%	0.16%	0.55%	1.43%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Ohio Schools Council
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Additional Supplementary Information

Additional Supplementary Information

Ohio Schools Council

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$108,971	\$125,000	\$194,986	\$69,986
Charges for Services	1,411,336	1,587,100	1,868,939	281,839
Tuition and Fees	13,076	15,000	14,050	(950)
Miscellaneous	2,267	10,500	11,227	727
<i>Total Revenues</i>	<u>1,535,650</u>	<u>1,737,600</u>	<u>2,089,202</u>	<u>351,602</u>
Expenditures				
Current:				
Support Services:				
Administration	607,785	622,801	610,210	12,591
Fiscal	41,930	42,620	41,861	759
Business	199,362	202,648	211,455	(8,807)
Operation and Maintenance of Plant	454,947	2,462,445	2,414,351	48,094
Central	768,658	781,326	693,308	88,018
Operation of Non-Instructional Services	57,158	58,100	58,001	99
<i>Total Expenditures</i>	<u>2,129,840</u>	<u>4,169,940</u>	<u>4,029,186</u>	<u>140,754</u>
<i>Net Change in Fund Balance</i>	(594,190)	(2,432,340)	(1,939,984)	492,356
<i>Fund Balance Beginning of Year</i>	7,602,729	7,602,729	7,602,729	0
Prior Year Encumbrances Appropriated	<u>71,390</u>	<u>71,390</u>	<u>71,390</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,079,929</u></u>	<u><u>\$5,241,779</u></u>	<u><u>\$5,734,135</u></u>	<u><u>\$492,356</u></u>

See accompanying notes to the supplemental information

Ohio Schools Council
Notes to the Additional Supplementary Information
For the Fiscal Year Ended June 30, 2020

Note 1 – Budgetary Basis of Accounting

Budgetary Process

The Council is no longer required under State statute to file budgetary information with the State Department of Education. However, the Council's Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board's authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the object level.

The Executive Director reviews the prior year's revenues and factors in the wages expected to be charged for the services offered in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Council Executive Director. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Budgetary Basis of Accounting

While the Council is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Budgetary revenues and expenditures of the rotary are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

Ohio Schools Council
Notes to the Additional Supplementary Information
For the Fiscal Year Ended June 30, 2020

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	(\$1,551,531)
Net Adjustment for Revenue Accruals	166
Beginning Fair Value Adjustment for Investments	(23,480)
Ending Fair Value Adjustment for Investments	(115,939)
Net Adjustment for Expenditure Accruals	(152,561)
Perspective Difference:	
Rotary	(12,942)
Adjustment for Encumbrances	<u>(83,697)</u>
Budget Basis	<u><u>(\$1,939,984)</u></u>

Ohio Schools Council
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The discussion and analysis of Ohio Schools Council's (the Council) financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the basic financial statements and 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 2019 are as follows:

- Net position of governmental activities decreased by \$41,697 from the prior fiscal year due to an increase in current liabilities, which was offset by an increase in pension and OPEB activities.
- In total, the Council's expenses exceeded program specific charges for services by \$310,645.
- The general fund, the Council's only operating fund, decreased by \$108,583 from the prior fiscal year balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Council's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *statement of activities* presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by user fees and charges and the program expenses used to operate during the fiscal year.

The government-wide financial statements can be found on pages 61 and 62 of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental and fiduciary funds.

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Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be the major fund.

The basic fund financial statements can be found on pages 63-66 of this report.

Fiduciary Funds The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Council's own programs. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trusts funds and agency funds. Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Council's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Council's only fiduciary fund is an agency fund.

The basic fiduciary fund financial statement can be found on page 67 of this report.

Notes to the Basic Financial Statements The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 68 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

Most of the Council's net position reflects its unrestricted net position. The Council uses unrestricted net position to meet ongoing obligations to creditors. The remaining net position is investment in capital assets (e.g., equipment and furniture). The Council uses these capital assets to provide services to the school districts; consequently, these assets are not available for future spending.

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At the end of the current fiscal year, the Council is able to report positive balances in both categories of net position in the governmental activities. The same situation held true for the prior fiscal year.

The following table shows net position for fiscal year 2019 compared to fiscal year 2018.

Table 1 - Net Position

	Governmental Activities		
	2019	2018	Change
Assets			
Current and Other Assets	\$8,093,770	\$8,093,121	\$649
Capital Assets	22,759	23,483	(724)
<i>Total Assets</i>	<u>8,116,529</u>	<u>8,116,604</u>	<u>(75)</u>
Deferred Outflows of Resources			
Pension	350,278	719,078	(368,800)
OPEB	90,471	134,008	(43,537)
<i>Total Deferred Outflows of Resources</i>	<u>440,749</u>	<u>853,086</u>	<u>(412,337)</u>
Liabilities			
Current Liabilities	261,347	184,187	(77,160)
Long-term Liabilities:			
Due Within One Year	21,490	19,685	(1,805)
Due in More Than One Year:			
Net Pension Liability	758,351	1,647,922	889,571
Net OPEB Liability	349,419	695,906	346,487
Other Amounts Due In More Than One Year	21,042	21,134	92
<i>Total Liabilities</i>	<u>1,411,649</u>	<u>2,568,834</u>	<u>1,157,185</u>
Deferred Inflows of Resources			
Pension	492,594	7,822	(484,772)
OPEB	369,574	67,876	(301,698)
<i>Total Deferred Inflows of Resources</i>	<u>862,168</u>	<u>75,698</u>	<u>(786,470)</u>
Net Position			
Investment in Capital Assets	22,759	23,483	(724)
Unrestricted	6,260,702	6,301,675	(40,973)
<i>Total Net Position</i>	<u>\$6,283,461</u>	<u>\$6,325,158</u>	<u>(\$41,697)</u>

The net pension liability (NPL) is the largest liability reported by the Council at June 30, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the Council is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit

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provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

As noted above, the Council's net position decreased from the prior fiscal year. The Council saw an increase in accrued wages and benefits payable and intergovernmental payable during fiscal year 2019, which was offset by a net decrease in pension and OPEB deferred outflows, liabilities, and deferred inflows. These decreases occurred due to the timing of payments being requested and due to changes in assumptions and benefit terms, respectively.

Governmental Activities

The following table shows changes in net position for fiscal year 2019 compared to the prior fiscal year.

Table 2 - Changes in Net Position

	Governmental Activities		
	2019	2018	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,456,911	\$1,285,648	\$171,263
General Revenues:			
Investment Earnings	249,952	112,730	137,222
Miscellaneous	18,996	81,488	(62,492)
Total General Revenues	268,948	194,218	74,730
<i>Total Revenues</i>	<u>1,725,859</u>	<u>1,479,866</u>	<u>245,993</u>
Program Expenses			
Support Services:			
Administration	587,091	532,566	(54,525)
Fiscal	33,988	115,125	81,137
Business	165,298	192,667	27,369
Operation and Maintenance of Plant	74,686	181,713	107,027
Central	848,492	647,097	(201,395)
Non-Instructional Services	58,001	0	(58,001)
Total Expenses	<u>1,767,556</u>	<u>1,669,168</u>	<u>(98,388)</u>
Change in Net Position	(41,697)	(189,302)	147,605
Net Position, Beginning of Year	<u>6,325,158</u>	<u>6,514,460</u>	<u>(189,302)</u>
Net Position, End of Year	<u>\$6,283,461</u>	<u>\$6,325,158</u>	<u>(\$41,697)</u>

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Charges for services and investment earnings revenues increased in fiscal year 2019 because the Council increased charges related to the school districts' safety plan services and due to an increased amount being invested during the fiscal year, respectively.

Program expenses increased from the prior fiscal year due to salary increases to all employees as well as a decrease in prepaid items from the prior fiscal year.

Analysis of the Governmental Fund

Governmental Fund Information about the Council's governmental fund starts on page 63. This fund uses the modified accrual basis of accounting. The Council only has one governmental fund, the general fund, which is the chief operating fund of the Council. The total general fund balance decreased from the prior fiscal year due to an increase in salary related expenditures.

Capital Assets

During fiscal year 2019, the Council acquired \$5,266 in new capital assets, offset by a year's depreciation.

The Council continued its ongoing commitment to maintaining and improving its capital assets. For more information on the Council's capital assets, see Note 8.

Long-Term Obligations

At June 30, 2019, the Council had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and net pension liability and net OPEB liability. For additional information on long-term obligations, see Note 9 to the basic financial statements.

Current Issues Affecting Financial Condition

The finances of the Council are dependent upon school district membership dues, and participation of school districts and municipalities in various programs offered through the Council for which the Council charges fees. Council membership has grown to 247 school districts in 34 counties. The municipalities, private schools, universities and libraries cannot join the Council, but can participate in the programs offered by the Council by joining as an Affiliate Member. There are 18 Affiliate Members.

The mission of the Council is to provide school districts the opportunity to buy products and services at significantly reduced prices. The Council has negotiated significant savings for school districts to purchase natural gas, electricity, various types of insurance, and various types of supplies and equipment and software subscriptions. In addition to the Council's annual membership fee, members are charged fees to participate in the Lake Erie Educational Media Consortium (LEEMC), Natural Gas, Computer Technology Services, Time Clock, Electronic Vendor Audit System and Electronic Payroll Audit System (eVAS/ePAS), Life Insurance, Property, Fleet and General Liability Insurance (the fee was waived for fiscal year 2019), Cooperative Purchasing (the fees were waived for fiscal year 2019) and School Bus Purchasing (the fees were waived for fiscal year 2019). The Council began offering a service to assist school districts in completing their Emergency Safety Plan Submissions to the Ohio Department of Education. The cost to participate is \$150 per school district. Changes in the number of members participating in any of these programs will affect the total revenue of the Council. The Council also receives a commission from vendors based on purchases from members.

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The Council also receives revenue from FirstEnergy for the Power4Schools Electric Program. The revenue is based on the kwh delivered to the member school districts and from AEPA, a 26 state cooperative purchasing organization, that provides revenue to each participating state for member purchases from awarded contracts. AEPA issues payment to the Ohio Council of Educational Purchasing Consortia (OCEPC) and they distribute payment to each regional cooperative each year. The total AEPA payment is divided by all the total of all Ohio cooperatives student enrollment to determine a per student amount. Then, the per student amount is multiplied by each cooperatives student count to determine the amount distributed to each regional cooperative.

Contacting the Council's Financial Management

This financial report is designed to provide our members, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for money it receives. If you have questions about this report or need additional financial information, contact William Zelei, Executive Director, at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Ohio Schools Council
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,914,053
Accounts Receivable	82,052
Accrued Interest Receivable	16,904
Prepaid Items	78,464
Materials and Supplies Inventory	2,297
Depreciable Capital Assets	22,759
<i>Total Assets</i>	<u>8,116,529</u>
Deferred Outflows of Resources	
Pension	350,278
OPEB	90,471
<i>Total Deferred Outflows of Resources</i>	<u>440,749</u>
Liabilities	
Accounts Payable	12,530
Accrued Wages and Benefits Payable	104,293
Intergovernmental Payable	76,928
Vacation Benefits Payable	67,596
Long-Term Liabilities:	
Due Within One Year	21,490
Due In More Than One Year:	
Net Pension Liability (See Note 10)	758,351
Net OPEB Liability (See Note 11)	349,419
Other Amounts Due In More Than One Year	21,042
<i>Total Liabilities</i>	<u>1,411,649</u>
Deferred Inflows of Resources	
Pension	492,594
OPEB	369,574
<i>Total Deferred Inflows of Resources</i>	<u>862,168</u>
Net Position	
Investment in Capital Assets	22,759
Unrestricted	6,260,702
<i>Total Net Position</i>	<u><u>\$6,283,461</u></u>

See accompanying notes to the basic financial statements

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Governmental Activities
Governmental Activities			
Support Services:			
Administration	\$587,091	\$491,935	(\$95,156)
Fiscal	33,988	30,240	(3,748)
Business	165,298	137,714	(27,584)
Operation and Maintenance of Plant	74,686	59,729	(14,957)
Central	848,492	690,454	(158,038)
Non-Instructional Services	58,001	46,839	(11,162)
<i>Totals</i>	<u>\$1,767,556</u>	<u>\$1,456,911</u>	<u>(310,645)</u>
General Revenues			
Investment Earnings			249,952
Miscellaneous			<u>18,996</u>
<i>Total General Revenues</i>			<u>268,948</u>
Change in Net Position			(41,697)
<i>Net Position Beginning of Year</i>			<u>6,325,158</u>
<i>Net Position End of Year</i>			<u>\$6,283,461</u>

See accompanying notes to the basic financial statements

Ohio Schools Council*Balance Sheet**Governmental Fund**June 30, 2019*

	General
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,914,053
Accounts Receivable	82,052
Accrued Interest Receivable	16,904
Prepaid Items	78,464
Materials and Supplies Inventory	2,297
<i>Total Assets</i>	<u><u>\$8,093,770</u></u>
Liabilities	
Accounts Payable	\$12,530
Accrued Wages and Benefits Payable	104,293
Intergovernmental Payable	76,928
<i>Total Liabilities</i>	<u>193,751</u>
Deferred Inflows of Resources	
Unavailable Revenue	<u>37,936</u>
Fund Balances	
Nonspendable	80,761
Assigned	76,073
Unassigned	7,705,249
<i>Total Fund Balances</i>	<u>7,862,083</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$8,093,770</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
*Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2019*

Total Governmental Funds Balance		\$7,862,083
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		22,759
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds.		37,936
Vacation benefits payable is not expected to be paid with expendable available resources and therefore not reported in the fund.		(67,596)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the fund.		(42,532)
The net pension and OPEB liabilities is not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental fund:		
Deferred Outflows - Pension	350,278	
Deferred Outflows - OPEB	90,471	
Net Pension Liability	(758,351)	
Net OPEB Liability	(349,419)	
Deferred Inflows - Pension	(492,594)	
Deferred Inflows - OPEB	(369,574)	
Total		<u>(1,529,189)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$6,283,461</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2019

	<u>General</u>
Revenues	
Interest	\$249,952
Charges for Services	1,401,475
Tuition and Fees	17,500
Miscellaneous	<u>18,996</u>
<i>Total Revenues</i>	<u>1,687,923</u>
Expenditures	
Current:	
Support Services:	
Administration	578,106
Fiscal	63,331
Business	170,616
Operation and Maintenance of Plant	73,962
Central	852,490
Non-Instructional Services	<u>58,001</u>
<i>Total Expenditures</i>	<u>1,796,506</u>
<i>Net Change in Fund Balance</i>	(108,583)
<i>Fund Balance Beginning of Year</i>	<u>7,970,666</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,862,083</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2019*

Net Change in Fund Balance -Total Governmental Funds	(\$108,583)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	5,266	
Current Year Depreciation	(5,990)	
Total		(724)

Charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	37,936
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(5,864)	
Compensated Absences	(1,713)	
Total		(7,577)

Contractually required contributions are reported as expenditures in the governmental fund; however, the statement of net position reports these amounts as deferred outflows.

Pension	54,837	
OPEB	2,031	
Total		56,868

Except for the amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities.

Pension	(18,838)	
OPEB	(779)	
Total		(19,617)

<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$41,697)</u></u>
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See accompanying notes to the basic financial statements

Ohio Schools Council
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,695,978
Accounts Receivable	338,144
Accrued Interest Receivable	<u>3,623</u>
<i>Total Assets</i>	<u><u>\$2,037,745</u></u>
Liabilities	
Accounts Payable	\$1,605,791
Intergovernmental Payable	4,561
Undistributed Monies	<u>427,393</u>
<i>Total Liabilities</i>	<u><u>\$2,037,745</u></u>

See accompanying notes to the basic financial statements

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 – Description of the Council and Reporting Entity

The Ohio Schools Council, Cuyahoga County, Ohio, (the Council) is a jointly governed organization established under Chapter 167, Revised Code, in 1986. The Council was created by school districts for the purpose of saving money through volume purchases. The Council consists of 247 school districts in 34 counties as well as 18 affiliate member municipalities, private schools, universities and libraries throughout Ohio. Each school district member superintendent serves as a representative of the Assembly. The Assembly is the legislative body of the Council. The Council operates under a nine-member Board of Directors (the Board). Five members of the Board are selected by the Assembly from among the member districts, and the remaining four are the representatives of the president, president-elect, past president and treasurer of the Greater Cleveland School Superintendents' Association. The Board is the policy making authority of the Council. The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board.

Description of the Entity

The Council provides services primarily in the area of procurement. The Council negotiates pricing for its members on consumable products such as maintenance and office/classroom supplies, books, buses, and GPS equipment, and services such as computer and network repair, shipping, electronics recycling, electronic vendor audit systems (eVAS), time clock and payroll management, workers compensation, electricity, non-sufficient fund collection, outbound calling, online training, legal hotline, leadership searches, waste and recycling, property, fleet and liability insurance, employee life insurance, natural gas and energy efficiency.

Members and other not-for-profit entities contribute amounts sufficient to cover substantially all annual costs of the Council through program administration fees. Upon termination of the Council, surpluses remaining in any Council Program, after payment of all known obligations, will be distributed to the participating members in the manner provided in the Program Agreement. After payment of all known obligations of the Council, other than those incurred in connection with any program, any surplus remaining in the Council general fund shall be distributed among the members in the same proportion to the total remaining as the amount of each member's total share of operating costs incurred.

The reporting entity for the Council is comprised of all departments, boards and agencies that are not legally separate from the Council and any other organizations that would need to be included to ensure that the financial statements of the Council are not misleading.

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 organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Council has no component units.

The Council participates in two jointly governed organizations. These organizations are Connect and the Power 4 Schools Program. These organizations are presented in Note 14.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the Council at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, within certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the Council.

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 Council's general fund is its only governmental fund.

Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the Council's funds are classified as either governmental or fiduciary.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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

General Fund The general fund is the general operating fund. It is used to account for and report all financial resources except those required to be accounted for and reported in another fund.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Council's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Council uses an agency fund for the following types of services:

Natural Gas Program accounts for assets held by the Council as an agent for member entities involved in the Council-administered natural gas program.

Property/Fleet/Liability Insurance accounts for assets held by the Council as an agent for member entities involved in the Council-administered property/fleet/liability insurance program premiums.

Life Insurance accounts for assets held by the Council as an agent for member entities life insurance program premiums.

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Fiduciary funds also use the

Ohio Schools Council
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accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The Council defines available as expected to be received within sixty days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest and charges for services.

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

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

Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Council passes an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required. See supplemental information on page 100.

Cash and Cash Equivalents

Cash received by the Council is pooled in a central bank account. Monies for all funds are maintained in this account. Individual fund integrity is maintained through the Council's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2019, the Council's investments were limited to STAR Ohio, an American treasury obligation fund account, US treasury bills, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal farm credit bank bonds 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

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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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

The Council measures its investment in the first American treasury obligation fund account as the net asset value (NAV) per share provided by First American Funds. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Investments of the 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption.

Capital Assets

All capital assets of the Council are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Council was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The Council maintains a capitalization threshold of five hundred dollars. The Council does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

Description	Governmental Activities
	Estimated Lives
Furniture and Equipment	5 - 40 years

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Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Council will compensate the employees for the benefits through paid time off or some other means. The Council records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Up to sixty vacation days may be accumulated. Since the Council's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments, vacation benefits and compensated absences, that will be paid from the governmental fund are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Estimates

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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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 fund. The classifications are as follows:

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

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

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 Board of Directors. Those committed amounts cannot be used for any other purpose unless the Council Board of Directors 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. State statute authorizes the Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Director also assigned fund balance for rotary.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Council, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Council, deferred inflows of resources includes pension and OPEB plans and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Council, unavailable revenue includes charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund

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balances to net position of governmental activities found on page 64. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 10 and 11).

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Changes in Accounting Principles

For fiscal year 2019, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the Council's 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Council's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

For fiscal year 2019, the Council also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the Council's fiscal year 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Cash and Investments

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

Active monies are public monies 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.

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

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.

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, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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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.

Investments

Investments are reported at fair value. As of June 30, 2019, the Council had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$1,782,672	Average 53.3 Days	AAAm	N/A
American Treasury Obligation Fund Account	380,392	Less than One Year	N/A	N/A
Total Net Asset Value Per Share	2,163,064			
Fair Value - Level Two Inputs:				
US Treasury Bills	572,485	Less than One Year	AA+	N/A
Federal Home Loan Mortgage Corporation Bonds	1,101,177	More than Three Years	AA+	13.25 %
Federal Home Loan Bank Bonds	1,150,712	More than Three Years	AA+	13.85
Federal Farm Credit Bank Bonds	101,873	More than Three Years	AA+	N/A
Negotiable Certificates of Deposit	3,219,635	More than Three Years	N/A	N/A
Total Fair Value - Level Two Inputs	6,145,882			
Total Investments	\$8,308,946			

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Council's recurring fair value measurements as of June 30, 2019. The Council's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the Council's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Council's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Council has no investment policy that addresses credit risk.

Concentration of Credit Risk The Council places no limit on the amount it may invest in any one issuer.

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 general fund are presented below:

Fund Balance	General
<i>Nonspendable:</i>	
Inventory	\$2,297
Prepays	78,464
Total Nonspendable	80,761
<i>Assigned:</i>	
Purchases on Order	\$63,078
Rotary	12,995
Total Assigned	76,073
Unassigned	7,705,249
Total Fund Balance	\$7,862,083

Note 6 – Receivables

Receivables at June 30, 2019 consisted of accounts and accrued interest receivable. All receivables are considered collectible in full within one year.

Note 7 – Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from board policy and State laws. Only contracted personnel who are under a 260-day contract are eligible for vacation time.

Staff employed with a 260-day contract is entitled to the following vacation day schedule:

- Twenty (20) days per year (1st through 15th year)
- Twenty (25) days per year (16th through 25th year)
- Thirty (30) days per year (26th through 35 or more years)

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Days in the above schedule refer to workdays. Vacation time will be pro-rated based on the employee's start date and end date in the first and last years of employment. Vacation may only be accumulated up to 60 days. All vacation time shall be approved in advance by their immediate supervisor.

Upon retirement or voluntary separation from the organization, accumulated sick leave may be paid to the employee on the following basis:

- After five years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 15 days.
- After ten years of continuous service with the Council, the employee is entitled to receive payment of his/her per diem rate up to one-fourth of accumulated sick leave not to exceed 30 days.
- After twenty years of continuous employment with the Council, the employee is entitled to receive payment at his/her per diem rate of up to one-fourth of accumulated sick leave not to exceed 45 days.

Payment to the employee of this benefit shall eliminate all accumulated sick leave. Employees who retire or take a voluntary separation from the organization shall request severance pay within three months of leaving the Council.

Sick leave shall be accrued according to the following schedule for contract employees:

260	contract days	15	sick days per year
200	contract days	10	sick days per year
150	contract days	8	sick days per year
70	contract days	5	sick days per year
60	contract days	3	sick days per year

Sick leave may accumulate over time to equal the number of work days as found in each employee's annual contract.

Hourly employees accrue one hour of sick leave for every 20 hours worked up to a maximum of 900 hours of sick leave. Every eight hours of sick leave will be converted to one day of unused sick leave for severance purposes.

Insurance Benefits

The Council has elected to provide employee medical, dental and life insurance benefits through a private carrier.

For individuals employed with 260-day contracts, prior to August 1, 2005, the Council shall pay 100 percent of the cost of medical and dental insurance.

For individuals employed with a 210-day contract after August 1, 2005, the Council shall pay 80 percent of the cost of medical and dental insurance.

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The Council pays up to \$1,000 per month towards the cost for the medical and dental insurance provided for the Executive Director and Assistant Executive Director. In lieu of medical and dental insurance, the Executive Director and/or Assistant Executive Director may choose to receive a stipend of \$350 per month for fiscal year 2019. This stipend may be taken either as reimbursement of medical expenses or deposited in an annuity. This stipend is not considered part of the salary for the positions.

The Council provides Health Savings Accounts of \$3,000 per single or \$6,000 per family per year to employees enrolled in medical insurance.

The Council pays for life insurance in the amount of 2.5 times the employee's annual salary or a flat amount of \$50,000.

In lieu of vision insurance, the Council reimburses employees up to \$200 per year for vision related expenses, such as eye examination, glasses, and/or contacts, upon submission of receipts.

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Addition	Deletion	Balance 6/30/2019
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Furniture and Equipment	\$55,492	\$5,266	\$0	\$60,758
Less Accumulated Depreciation	(32,009)	(5,990)	0	(37,999)
Governmental Activities Capital Assets, Net	<u>\$23,483</u>	<u>(\$724)</u>	<u>\$0</u>	<u>\$22,759</u>

Depreciation expense was charged to the operation and maintenance of plant support service function.

Note 9 – Long Term Obligations

The changes in the Council long-term obligations during fiscal year 2019 were as follows:

	Balance 7/1/2018	Additions	Deductions	Balance 6/30/2019	Amount Due in One Year
Governmental Activities					
Compensated Absences	\$40,819	\$21,398	(\$19,685)	\$42,532	\$21,490
Net Pension Liability	1,647,922	0	(889,571)	758,351	0
Net OPEB Liability	695,906	0	(346,487)	349,419	0
<i>Total Long-Term Liabilities</i>	<u>\$2,384,647</u>	<u>\$21,398</u>	<u>(\$1,255,743)</u>	<u>\$1,150,302</u>	<u>\$21,490</u>

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Note 10 – Defined Benefit Pension Plan

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

Net Pension Liability/Net OPEB Liability

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

The net pension/OPEB liabilities 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 liabilities calculations are 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 these liabilities 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 include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities. Resulting adjustments to the net pension/OPEB liabilities would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as long-term *net pension liability* or long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description – School 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309.

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SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The Council's contractually required contribution to SERS was \$54,837 for fiscal year 2019. Of this amount \$3,010 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2018, 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:

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	<u>SERS</u>
Proportion of the Net Pension Liability	
Prior Measurement Date	0.02758128%
Current Measurement Date	<u>0.01324121%</u>
Change in Proportionate Share	<u>-0.01434007%</u>
Proportionate Share of the Net Pension Liability	\$758,351
Pension Expense	\$18,838

At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>
Deferred Outflows of Resources	
Differences between Expected and Actual Experience	\$41,591
Changes of Assumptions	17,126
Changes in Proportionate Share and Difference between Council Contributions and Proportionate Share of Contributions	236,724
Council Contributions Subsequent to the Measurement Date	<u>54,837</u>
Total Deferred Outflows of Resources	<u>\$350,278</u>
Deferred Inflows of Resources	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$21,011
Changes in Proportionate Share and Difference between Council Contributions and Proportionate Share of Contributions	<u>471,583</u>
Total Deferred Inflows of Resources	<u>\$492,594</u>

\$54,837 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>
Fiscal Year Ending June 30:	
2020	(\$104,177)
2021	(61,645)
2022	(24,887)
2023	<u>(6,444)</u>
Total	<u>(\$197,153)</u>

Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality,

Ohio Schools Council
Notes to the Basic Financial Statements
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disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

Ohio Schools Council
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For the Year Ended June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 Council's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Council's proportionate share of the net pension liability	\$1,068,191	\$758,351	\$498,566

Note 11 – Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability.

Plan Description – School 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 health care 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. 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

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. 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 2019, the Council did not have a surcharge obligation.

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 was \$2,031 for fiscal year 2019. Of this amount \$111 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2018, 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 and OPEB expense:

	<u>SERS</u>
Proportion of the Net OPEB Liability	
Prior Measurement Date	0.02593049%
Current Measurement Date	<u>0.01259499%</u>
Change in Proportionate Share	<u>-0.01333550%</u>
Proportionate Share of the Net OPEB Liability	\$349,419
OPEB Expense	\$779

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>
Deferred Outflows of Resources	
Differences between Expected and Actual Experience	\$5,704
Changes in Proportionate Share and Difference between Council Contributions and Proportionate Share of Contributions	82,736
Council Contributions Subsequent to the Measurement Date	<u>2,031</u>
Total Deferred Outflows of Resources	<u>\$90,471</u>
Deferred Inflows of Resources	
Changes of Assumptions	\$31,393
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	524
Changes in Proportionate Share and Difference between Council Contributions and Proportionate Share of Contributions	<u>337,657</u>
Total Deferred Inflows of Resources	<u>\$369,574</u>

\$2,031 reported as deferred outflows of resources related to OPEB resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>
Fiscal Year Ending June 30:	
2020	(\$28,179)
2021	(36,674)
2022	(63,567)
2023	(63,344)
2024	(63,381)
Thereafter	<u>(25,989)</u>
Total	<u>(\$281,134)</u>

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.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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, 2018, are presented as follows:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption:	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018, was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018, was 3.63 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 State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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 Council's proportionate share of the net OPEB liability for SERS and what the Council's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the Council's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Council's proportionate share of the net OPEB liability	\$423,993	\$349,419	\$290,371

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Council's proportionate share of the net OPEB liability	\$281,917	\$349,419	\$438,804

Note 12 – Lease Obligations

The Council entered into a new lease agreement with the Educational Service Center of Northeast Ohio for the term of November 1, 2018 through October 31, 2023. The new rental space is located at 6393 Oak Tree Boulevard, Suite 377. The terms of the lease include monthly payments for the lease; however, the Council paid a lump sum of \$307,038 in September of 2019. The remaining amount of the lease at June 30, 2019 was \$34,958.

Note 13 – Risk Management

Workers' Compensation

The Council pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Property and Liability

The Council is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year the Council contracted with Todd Associates, Incorporated for all insurance. The types of coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
Director's and Officers' Liability	\$2,000,000	\$1,000
Employment Practices Liability	2,000,000	2,500
Employer's Liability (Ohio Stop Gap)	1,000,000	None
General Liability	1,000,000	None
Commercial Property	150,000	1,000
Forgery or Alteration Coverage	1,000,000	2,500
Computer Fraud	500,000	2,500
Funds Transfer Fraud	500,000	2,500
Errors and Omissions	100,000	2,500
Individual Bond for William Zelei	20,000	None
Individual Bond for Dennis Allen	20,000	None

Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 14 – Jointly Governed Organizations

Connect

Connect is a jointly governed organization among sixteen school districts in Cuyahoga County and the Council. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports Connect based on a per pupil charge. The Council paid \$7,623 to Connect during the fiscal year 2019.

The Governing Board consists of superintendents of each participating school district and the Council. The degree of control exercised by any participating school district is limited to its representation of the Governing Board. The Board exercises total control over the operation of the organization including budgeting, appropriating, contracting and designating management. To obtain a copy of Connect's financial statements, write to the Service Center at 6393 Oak Tree Boulevard., Independence, Ohio 44131.

Power 4 Schools Program

The Council participates in the Power 4 Schools Program., a jointly governed organization, which provides the economical supply of electricity to Ohio school districts to maximize savings on the purchase of electricity. Power 4 Schools is governed by a four-member Electricity Committee appointed by a board consisting of the executive directors of the Ohio Schools Council, the Buckeye Association of School Administrators (BASA), the Ohio Association of School Business Officials (OASBO), and Ohio School Boards Association (OSBA). The degree of control exercised by any participating programs is limited to its representation of the Board. The Committee members will serve two year terms. The Board oversees and manages the operation of the program. The Council contributed \$5,020 during fiscal year 2019 for the operation of Power 4 Schools. Financial information can be obtained by contacting Jim Rowan at Ohio Association of School Business Officials, 8050 North High Street, Suite 170, Columbus, Ohio 43235.

Ohio Schools Council
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 15 – Natural Gas Program

The Ohio Schools Council entered into a contract with CMS Energy Corporation, of Jackson, Michigan in 1999 to supply natural gas to participating school districts for 12 years. Under the agreement, the City of Hamilton, Ohio prepaid CMS for 44 billion cubic feet of gas to be delivered from November 1, 1999 to October 31, 2011 by issuing \$89,450,000 in bonds. This transaction locked in a twelve-year firm supply of natural gas at favorable market rates for the benefit of all participants. In August 2006 CMS Energy Corporation opted to no longer participate in the prepaid gas program and defeased the outstanding bonds. \$58,455,232 was placed on deposit with US Bank a sufficient amount of government securities to pay off all the outstanding bonds as they came due November 2011. This prepaid gas program was terminated during fiscal year 2007.

In August 2009, all districts that participated in the prepaid natural gas program on August 24, 2006 were sent a check for “surplus” funds totaling \$2.8 million. The surplus funds were the result of the settlement with CMS Energy Management Corporation when they were released from their contract as supplier. Each district’s payment was based on actual gas consumption during the program by the district divided by the total volume of gas consumed by all the eligible participants during the term of the program.

These “surplus” funds were kept separate from the Council’s funds and all interest earned by these funds were deposited back into the account. The Council was reimbursed \$100,000 from these funds for payment of costs incurred by the Council and attributable to this program and the cost of creating a new program.

An interim supply agreement was approved with Exelon Energy for one year beginning August 2006 that was renewed in October 2007 and was effective until September 30, 2008. Energy USA was selected as the new natural gas supplier and program manager beginning October 1, 2008 to September 30, 2010. In June 2010, the Council entered into an agreement with Compass Energy Gas Services LLC to be the natural gas supplier and program manager beginning October 1, 2010 through March 31, 2013. The contract with Compass Energy Gas Services LLC was extended for an additional three years beginning April 1, 2013 through March 31, 2016. The contract with Constellation New Energy was extended for an additional 12 months until June 30, 2018, and again through June 30, 2019. The original members of the prepaid natural gas program continued to participate in the natural gas aggregation program with no new program agreement. A new five year agreement has been approved with Constellation New Energy for the period of July 1, 2019 through June 30, 2022.

New members that joined from August 2006 to June 2008 used the program agreement and resolution to secure board approval to participate. Beginning in June 2008 a revised agreement was used by new members to secure board approval to participate. Both agreements have an indefinite term and provide the option to withdraw from the program by sending written notification by certified mail on or before September 15 of the fiscal year proceeding the fiscal year in which the participant wishes to withdraw from the program.

The Council provides participating school districts the ability to purchase natural gas at reduced rates. There are currently 163 members in the Program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2019	2018	2017	2016
Council's Proportion of the Net Pension Liability	0.01324121%	0.02758128%	0.02044315%	0.01830000%
Council's Proportionate Share of the Net Pension Liability	\$758,351	\$1,647,922	\$1,496,250	\$1,044,153
Council's Covered Payroll	\$852,400	\$656,850	\$644,907	\$457,807
Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	88.97%	250.88%	232.01%	228.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2015	2014
0.01397000%	0.01397000%
\$707,013	\$830,751
\$409,372	\$387,305
172.71%	214.50%
71.70%	65.52%

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Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Three Fiscal Years (1) **

	2019	2018	2017
Council's Proportion of the Net OPEB Liability	0.01259499%	0.02593049%	0.01929975%
Council's Proportionate Share of the Net OPEB Liability	\$349,419	\$695,906	\$550,114
Council's Covered Payroll	\$852,400	\$656,850	\$644,907
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.99%	105.95%	85.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

Ohio Schools Council
Required Supplementary Information
Schedule of the Council's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability:				
Contractually Required Contribution	\$54,837	\$115,074	\$91,959	\$90,287
Contributions in Relation to the Contractually Required Contribution	(54,837)	(115,074)	(91,959)	(90,287)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
Council Covered Payroll (1)	\$406,200	\$852,400	\$656,850	\$644,907
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
Net OPEB Liability:				
Contractually Required Contribution (2)	\$2,031	\$4,262	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	(2,031)	(4,262)	0	0
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll (2)	14.00%	14.00%	14.00%	14.00%

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
\$60,339	\$56,739	\$53,603	\$56,314	\$51,359	\$60,838
(60,339)	(56,739)	(53,603)	(56,314)	(51,359)	(60,838)
\$0	\$0	\$0	\$0	\$0	\$0
\$457,807	\$409,374	\$387,305	\$418,691	\$408,586	\$449,321
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
\$3,754	\$573	\$620	\$2,303	\$5,843	\$2,067
(3,754)	(573)	(620)	(2,303)	(5,843)	(2,067)
\$0	\$0	\$0	\$0	\$0	\$0
0.82%	0.14%	0.16%	0.55%	1.43%	0.46%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Ohio Schools Council
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal Year 2019	3.62 percent
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2019	3.70 percent
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

Additional Supplementary Information

Additional Supplementary Information

Ohio Schools Council

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$143,697	\$143,697	\$176,107	\$32,410
Charges for Services	1,243,418	1,208,458	1,408,803	200,345
Tuition and Fees	5,040	5,040	17,540	12,500
Miscellaneous	50,000	50,000	18,996	(31,004)
<i>Total Revenues</i>	<u>1,442,155</u>	<u>1,407,195</u>	<u>1,621,446</u>	<u>214,251</u>
Expenditures				
Current:				
Support Services:				
Administration	579,064	579,064	578,899	165
Fiscal	71,821	71,821	71,731	90
Business	161,654	161,654	160,533	1,121
Operation and Maintenance of Plant	85,852	85,852	85,137	715
Central	836,515	836,415	829,228	7,187
<i>Total Expenditures</i>	<u>1,734,906</u>	<u>1,734,806</u>	<u>1,725,528</u>	<u>9,278</u>
<i>Net Change in Fund Balance</i>	<u>(292,751)</u>	<u>(327,611)</u>	<u>(104,082)</u>	<u>223,529</u>
<i>Fund Balance Beginning of Year</i>	<u>7,880,334</u>	<u>7,880,334</u>	<u>7,880,334</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>42,931</u>	<u>42,931</u>	<u>42,931</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,630,514</u>	<u>\$7,595,654</u>	<u>\$7,819,183</u>	<u>\$223,529</u>

See accompanying notes to the supplemental information

Ohio Schools Council
Notes to the Additional Supplementary Information
For the Fiscal Year Ended June 30, 2019

Note 1 – Budgetary Basis of Accounting

Budgetary Process

The Council is no longer required under State statute to file budgetary information with the State Department of Education. However, the Council's Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board's authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the object level.

The Executive Director reviews the prior year's revenues and factors in the wages expected to be charged for the services offered in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Council Executive Director. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Budgetary Basis of Accounting

While the Council is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Budgetary revenues and expenditures of the rotary are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

Ohio Schools Council
Notes to the Additional Supplementary Information
For the Fiscal Year Ended June 30, 2019

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	(\$108,583)
Net Adjustment for Revenue Accruals	20,333
Beginning Fair Value Adjustment for Investments	(50,335)
Ending Fair Value Adjustment for Investments	(23,480)
Net Adjustment for Expenditure Accruals	142,368
Perspective Difference:	
Rotary	(12,995)
Adjustment for Encumbrances	<u>(71,390)</u>
Budget Basis	<u><u>(\$104,082)</u></u>



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

Ohio Schools Council
Cuyahoga County
6393 Oak Tree Boulevard, Suite 377
Independence, Ohio 44131

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ohio Schools Council, Cuyahoga County, (the Council) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 15, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Council.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 15, 2021

OHIO AUDITOR OF STATE KEITH FABER



OHIO SCHOOLS COUNCIL

CUYAHOGA 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 4/13/2021

88 East Broad 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

Oh Schools Council

Address: 6393 Oak Tree BLVD Ste 377
Independence, OH 44131-6975
United States

Phone: 216-447-3100

Website: osconline.org

Experian BIN: 749263474

EXHIBIT D-2 OHIO SCHOOLS COUNCIL

Key Technical Personnel

Key Personnel: Executive Director: William Zelei
John L Folkman
Larry Tomec

SIC Code: 8211-Elementary & Secondary
Schools
9999
8611-Business Associations

NAICS Code: 611110-Elementary And Secondary
Schools
812990-All Other Personal Services
813910-Business Associations

Experian File Established: August 1996

Experian Years on File: 25 Years

Years in Business: 40 Years

Total Employees: 54

Sales: \$1,660,000

Experian Business Credit Score

91
Business
Credit Score



The objective of the Experian Business Credit Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

Key Score Factors:

- Number of recently active commercial accounts.
- Commercial account delinquency in last 12 months.
- Length of time on Experian's file.

Business Credit Scores range from a low of 1 to high of 100 with this company receiving a score of 91. Higher scores indicate lower risk. This score predicts the likelihood of serious credit delinquencies within the next 12 months. This score uses tradeline and collections information, public filings as well as other variables to predict future risk.

Experian Financial Stability Risk Rating

1

Financial Stability Risk Rating



A Financial Stability Risk Rating of 1 indicates a 0.55% potential risk of severe financial distress within the next 12 months.

Key Rating Factors:

- Number of active commercial accounts.
- Risk associated with the business type.

Financial Stability Risk Ratings range from a low of 1 to high of 5 with this company receiving a rating of 1. Lower ratings indicate lower risk. Experian categorizes all businesses to fit within one of the five risk segments. This rating predicts the likelihood of payment default and/or bankruptcy within the next 12 months. This rating uses tradeline and collections information, public filings as well as other variables to predict future risk.

Credit Summary

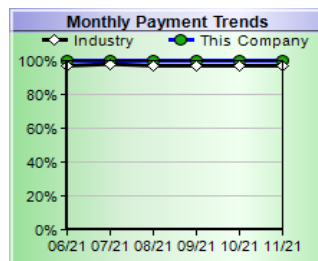
This location does not yet have an estimated Days Beyond Terms ([DBT](#)), or a Payment Trend Indicator. This is often the result of too few Payment [Tradelines](#).

Lowest 6 Month Balance: \$165
Highest 6 Month Balance: \$662
Current Total Account Balance: \$0
Highest Credit Amount Extended: \$0

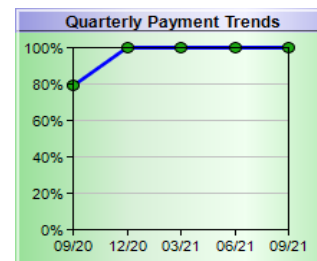
Payment [Tradelines](#) (see [charts](#), [detail](#)): 6
Business [Inquiries](#) (see [summary](#)): 2
[UCC Filings](#): 0

✓ **Businesses Scoring Worse:** 90%
 ✓ **Bankruptcies:** 0
 ✓ **Liens:** 0
 ✓ **Judgments Filed:** 0
 ✓ **Collections:** 0

Payment Trend Summary



*Percentage of on-time payments by month.



*Percentage of on-time payments by quarter.

Monthly Payment Trends - Recent Activity

Date	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
06/21	100%	0%	0%	0%	0%
07/21	100%	0%	0%	0%	0%
08/21	100%	0%	0%	0%	0%
09/21	100%	0%	0%	0%	0%
10/21	100%	0%	0%	0%	0%
11/21	0%	0%	0%	0%	0%

Quarterly Payment Trends - Recent Activity

Date	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
09/20	79%	21%	0%	0%	0%
12/20	100%	0%	0%	0%	0%
03/21	100%	0%	0%	0%	0%
06/21	100%	0%	0%	0%	0%
09/21	100%	0%	0%	0%	0%

Insufficient information to produce
Continuous Payment Trends
chart.

Insufficient information to produce
Newly Reported Payment Trends
chart.

Insufficient information to produce
Combined Payment Trends
chart.

Trade Payment Information

Payment Experiences (Financial Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Fincl Svcs	12/01/21		Net 30		\$0						Account CI
Fincl Svcs	10/01/21		60	\$1,988	\$0						
Leasing	10/02/21		Mo		\$0						
Retl Trade	12/02/21		Rev		\$0						

Tradeline Experiences (Continuous Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Ceramics	10/31/21		Net 30		\$0						
Newspapers	11/09/21		Net 30		\$0						

Payment Trend Detail

Date	Industry* DBT	DBT	Industry* Current	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
11/21	1	0	97%	0%	0%	0%	0%	0%
10/21	1	0	97%	100%	0%	0%	0%	0%
09/21	1	0	97%	100%	0%	0%	0%	0%
08/21	1	0	97%	100%	0%	0%	0%	0%
07/21	1	0	98%	100%	0%	0%	0%	0%
06/21	2	0	97%	100%	0%	0%	0%	0%

*Industry: Elementary & Secondary Schools

Inquiries

Summary of Inquiries

Supplier Category	12/21	11/21	10/21	09/21	08/21	07/21	06/21	05/21	04/21
General	0	0	0	0	0	0	0	0	1
Insurance	0	0	0	0	0	0	0	1	0
Totals	0	0	0	0	0	0	0	1	1

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it. (Ref#:406903)

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EXHIBIT D-2
OHIO SCHOOLS COUNCIL

Key Technical Personnel

WILLIAM J. ZELEI, MBA, Ed.D.

EDUCATION

- 2004 Doctorate of Education, University of Akron
- 1991 Educational Specialists, Cleveland State University
- 1983 Master of Business Administration, Cleveland State University
- 1979 Bachelor of Science, Business Administration, Urbana College
- 1971 Bachelor of Arts, English Literature, John Carroll University

PROFESSIONAL EXPERIENCE

- Executive Director, 2012-Present: Ohio Schools Council
- Assistant Director, 2012-Present: Greater Cleveland School Superintendents Association
- Associate Superintendent- Div. of Accountability & Quality Schools 2011-12: Ohio Department of Education
- Superintendent of Schools, 1998 – 2011: South Euclid – Lyndhurst City Schools
- Director of Business, 1994 – 1998: South Euclid – Lyndhurst City Schools
- Assistant Superintendent - Business, 1987 – 1994: Brunswick City Schools
- Business Manager, 1986 – 1987: Laurel School, Shaker Hts. Ohio
- Director of Operations, 1983 – 1986: Voinovich Group, Cleveland, Ohio
- Asst. Director/Director of Personnel, 1975 – 1983: Ohio Lottery Commission, State of Ohio
- Language Arts Teacher, 1971 – 1974: St. John Bosco Elementary School, Parma Hts. Ohio; East Tech High School, Cleveland City Schools, Cleveland, Ohio; St. Edward High School, Lakewood, Ohio
- Adjunct Instructor/Professor: Cleveland State University/ Ursuline College/University of Akron

LICENSURE CERTIFICATION

- Superintendent, Business Manager, Treasurer, Language Arts Grades 7-12

PROFESSIONAL AFFILIATIONS

- Member of Buckeye Association of School Administrators
- Member of Ohio Association of School Business Officials
- Past member of WVIZ ideastream Board of Trustees
- Past President of Greater Cleveland School Superintendent's Association
- Past Chairperson of Science and Math Achievement Required for Tomorrow

- Past Chairperson of Cuyahoga County Special Education Resource Center
- Past Chairperson of Ohio Schools Council
- Past Chairperson of Northeast Ohio Computer Association
- Past Governance Committee Member of First Ring Superintendent's Collaborative,
- Past Member of Suburban Health Consortium
- Past Member of the State Support Team 3 Regional Advisory Council
- Past Member of Ohio School Boards Association

COMMUNITY INVOLVEMENT

- Past Member of Medina County Economic Development Corp. Review Council
- Past Member of Medina County Housing Tax Incentive Review Council
- Past Chair of the South Euclid–Lyndhurst Recreation Council of Governments
- Past President of Brunswick City Board of Education
- Past Member of Medina County Career Center Board of Education
- Past President of Brunswick Kiwanis Club
- Past Member of Hillcrest Kiwanis Club
- Past Member of Hillcrest Rotary Club

PROFESSIONAL INVOLVEMENT

- Past Chairperson of the Lorain City School District Academic Distress Commission

PROFESSIONAL RECOGNITION

- Martha Holden Jennings Foundation 2006 Superintendent of the Year Performance Award,
- Buckeye Association of School Administrators 2005 Exemplary Leadership Award,
- Ohio Association of School Business Officials 1993 Ohio School Business Manager of the Year,
- 1983 Beta Gamma Sigma International Business Honor Society

SCHOOL DISTRICT RECOGNITION

- 2007: South Euclid – Lyndhurst City Schools, Ranked 10th in Nation, Business Week Magazine Article “Great Places to Raise Kids – for Less” by Douglas MacMillan
- 2007: Charles F. Brush High School, Chosen as 1 of 3 in Nation, National Award for the Excellent Education of Black Male Students, Schott Foundation for Public Education
- 2005: Charles F. Brush High School, Chosen as 1 of 3 in Ohio - Ohio Award for the Excellent Education of Black Male Students, Schott Foundation for Public Education
- 2004: South Euclid – Lyndhurst City Schools Ohio Award of Excellence, Tier Two
- Report Card Ratings

- South Euclid – Lyndhurst City Schools Rated “Effective”, 2000 – 2010
- Charles F. Brush High School Rated “Excellent” or “Effective”, 2002-2011
96% + Graduation Rate, 2006-2011
- State Superintendent of Public Instruction Recognition
 - Adrian Elementary School - “School of Promise” 2007-2011
 - Lowden Elementary School - “School of Promise” 2006
 - Ridgebury Elementary School - “School of Distinction” 2007
 - Rowland Elementary School - “School of Promise” 2007-2010
 - Sunview Elementary School “- School of Distinction” 2006

DISSERTATION

- The Black-White Student Achievement Gap: Implications for the Improvement of Instructional Strategies and Reduction of Disparities, 2004

MILITARY SERVICE

- United States Army Reserves, 1971-77, Medical Corpsman, Staff Sergeant

PRESENTATIONS

- Value Added and Ohio’s Accountability System; Ursuline College, 2009-2015
- First Ring Superintendents Collaborative; OSBA Capital Conference, 2011
- AVID College Readiness Program; OSBA Capital Conference, 2011
- Healthy Choices, Farm to Fork Program; OSBA Capital Conference, 2011
- Closing the Achievement Gap for African American Students; Midwest Achievement Gap Conference, 2010
- Closing the Achievement Gap; Cleveland NAACP Education Committee, 2009
- AVID College Readiness; Ohio PTA Annual Conference, 2009
- One District’s Response to Combat the Effects of Poverty on Student Achievement; United Methodist Church, East Ohio Conference, 2009
- Meeting Diverse Student Needs: Closing the Achievement Gap, Meeting AYP; Ohio School Improvement Institute, 2008
- School Funding; an Ohio Imperative; Ohio Fair Schools Conference, 2008
- Closing the Achievement Gap, Meeting AYP, for African American Males; OSBA Capital Conference, 2008
- Student Achievement, Value Added & the Ohio Report Card; BASA Leadership Conference, 2008
- Poverty & Education; BASA Aspiring Leaders Conference, 2007
- Working Effectively with Your Community; BASA Leadership Conference, 2007
- Changing Demographics: Challenges and Opportunities; AASA National Conference, 2007
- Building a Student Leadership Team; OSBA Capital Conference, 2005
- Pyramid of Interventions: Full Spectrum Programming; OSBA Capital

- Conference, 2004
- Meeting the Needs of a Diverse Population of Students; Ohio Award for Excellence Conference, 2004
- Selling Schools through Student Success; OSBA Public Relations Academy SALT Conference, 2003
- Engaging Our Public: Practical Ideas...Tangible Results; OSBA Capital Conference, 2003
- Engaging Our Public: Student Strategies; OSBA Capital Conference, 2002

BARBARA E. DELROSO

Jan. 2017 to **OHIO SCHOOLS COUNCIL**

Present **UTILITIES MANAGER** – Promote and manage the OSC Natural Gas Program and the P4S Electric Program. Monitor district accounts, usage, fees and supplier reports. Participate in contract negotiations. Work with energy consultants and suppliers to provide customer service to utility members. Calculate level billing charges and year-end balances for the Natural Gas Program.

Oct. 2006 to **OHIO SCHOOLS COUNCIL**

Dec. 2016 **ADMINISTRATIVE ASSISTANT** – Membership coordinator for The Greater Cleveland

School Superintendents' Association responsible for dues, school member data, monthly in-service meetings and correspondence. Daily functions using Excel, Word and Access.

Oct. 1995 to **AUTOMATED PACKAGING SYSTEMS, INC.**

Mar. 2001 **PRODUCTION CONTROL MANAGER** – Manage the Production Control Department and provide management team support to meet Machinery Divisional goals and objectives. Plan, monitor and maintain Divisional inventory levels. Provide Corporate support for company-wide system implementation. Monitor production schedules and on-time shipments.

Feb. 1992 to **AUTOMATED PACKAGING SYSTEMS, INC.**

Oct. 1995 **PRODUCTION CONTROL SUPERVISOR** – Responsible for the functions of the production control department to meet production schedules and on-time shipments while maintaining targeted inventory levels. Reduction of inventory levels by 1.5 million dollars. Divisional Core Team member to implement an integrated MRP/MPS system. Cell Team member active in reengineering the assembly department to Cellular Manufacturing.

Nov. 1989 to **AUTOMATED PACKAGING SYSTEMS, INC.**

Feb. 1992 **PRODUCTION CONTROL PLANNER** – Plan and schedule machinery orders based on sales forecasts to meet production schedules and customer shipments. Additional involvements include: prototype planning, coordination of production departments, Inventory Reduction Project Team Leader, Employee Involvement Training, Supervisor Training, and Engineering Change Committee member.

Oct. 1987 to **INTERGY, INC. / RICWIL PIPING**

Nov. 1989 **PURCHASING AGENT** – Buyer for pipeline components.

MATERIALS PLANNER – Sole controller of materials and inventory levels for several manufacturing facilities. Implementation of stocking program to ensure customer service. Responsible for 1988 Physical Inventory of an out-of-state division.

Sept. 1981 to **LUBRIQUIP-HOUDAILLE, INC.**

Oct. 1987 **ACCOUNTS PAYABLE** – Responsible for accounts payable and team member to implement an on-line payable system.

PRODUCTION PLANNER – Responsible for all planning duties of assigned product lines using MRP/MPS. Value Team Member assigned to reduce unit cost of targeted products.

INVENTORY CONTROL / CYCLE COUNTER – Weekly cycle counts and documentation of accuracy rates with one hundred percent reconciliation. Recommendations made for improved inventory control.

EDUCATION B.S. Business Administration
Major: Production and Operations Management
The Ohio State University

TRAINING Project Management (Baldwin Wallace)
Managing Interpersonal Relations (Wilson Learning)
Interpersonal Management Skills (Learning International)
A.P.I.C.S. Certified (1989 – 2002)

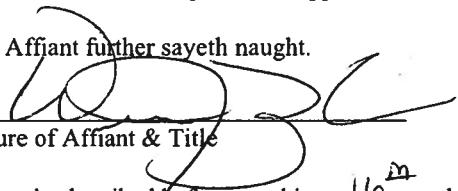
Competitive Retail Natural Gas Service Affidavit

County of Cuyahoga :

State of Ohio :

Dr. William Zelej, Executive Director of Ohio Schools Council, Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.
2. The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.
3. The applicant will timely pay any assessment made pursuant to Sections 4905.10 and 4911.18(A), Ohio Revised Code.
4. Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
5. Applicant will cooperate fully with the Public Utilities Commission of Ohio and its staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.
6. Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.
7. Applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
8. Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.
9. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.
10. Affiant further sayeth naught.


Signature of Affiant & Title

Sworn and subscribed before me this 16th day of December, 2021
December 2021


Signature of official administering oath

Theresa A. Hedrick
Print Name and Title



THERESA A. HEDRICK
Notary Public, State of Ohio
My Commission Expires:
April 7, 2023

My commission expires on APRIL 7, 2023

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on
12/20/2021 3:59:09 PM**

in

Case No(s). 15-1888-GA-AGG

Summary: Text Renewal Application of Ohio Schools Council electronically filed by
Teresa Orahood on behalf of Krassen, Glenn S