



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WOOD COUNTY EDUCATIONAL SERVICE CENTER  
WOOD COUNTY  
JUNE 30, 2021**

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WOOD COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

Wood County Educational Service Center  
Wood County  
1867 North Research Drive  
Bowling Green, Ohio 43402-8835

To the Governing Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County Educational Service Center, Wood County, Ohio (the Center), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center'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 Center'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 Center'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, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. 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, required budgetary comparison schedules, 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 Center's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates 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 14, 2022, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Center's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022

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Wood County Educational Service Center  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

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The discussion and analysis of Wood County Educational Service Center's financial performance provides an overall review of the Educational Service Center's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Educational Service Center's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Educational Service Center's financial performance.

**Highlights**

Highlights for fiscal year 2021 are as follows:

Total net position decreased \$327,711, or 2 percent, from the prior fiscal year.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Wood County Educational Service Center as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole Educational Service Center, presenting both an aggregate view of the Educational Service Center's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for spending in the near future. The fund financial statements also look at the Educational Service Center's most significant funds, with all other non-major funds presented in total in a single column. For the Educational Service Center, the General Fund and the Community Learning Centers special revenue fund are the most significant funds.

**Reporting the Educational Service Center as a Whole**

The statement of net position and the statement of activities reflect how the Educational Service Center did financially during fiscal year 2021. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the Educational Service Center's net position and change in net position. This change in net position is important because it tells the reader whether the financial position of the Educational Service Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the Educational Service Center's activities are reported as governmental activities including instruction, support services, non-instructional services, and intergovernmental activities.

Wood County Educational Service Center  
Management's Discussion and Analysis  
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**Reporting the Educational Service Center's Most Significant Funds**

Fund financial statements provide detailed information about the Educational Service Center's major funds. While the Educational Service Center uses many funds to account for its financial transactions, the fund financial statements focus on the Educational Service Center's most significant funds. The Educational Service Center's major funds are the General Fund and the Community Learning Centers special revenue fund.

Governmental Funds - All of the Educational Service Center's activities are reported in governmental funds which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Educational Service Center's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

**The Educational Service Center as a Whole**

Table 1 provides a summary of the Educational Service Center's net position for fiscal year 2021 compared to fiscal year 2020.

Table 1 Net Position		Governmental Activities		
	2021	2020	Change	
<u>Assets:</u>				
Current and Other Assets	\$7,850,061	\$7,996,024	(\$145,963)	
Net OPEB Asset	622,137	611,308	10,829	
Capital Assets, Net	1,392,999	1,450,447	(57,448)	
Total Assets	9,865,197	10,057,779	(192,582)	
<u>Deferred Outflows of Resources:</u>				
Pension	3,056,796	3,177,931	(121,135)	
OPEB	1,144,393	950,431	193,962	
Total Deferred Outflows of Resources	4,201,189	4,128,362	72,827	
<u>Liabilities:</u>				
Current and Other Liabilities	1,899,038	1,865,589	(33,449)	
<u>Long-Term Liabilities:</u>				
Due Within One Year	67,883	66,861	(1,022)	
Due in More Than One Year:				
Net Pension Liability	18,776,896	17,925,151	(851,745)	
Net OPEB Liability	3,478,207	4,183,195	704,988	
Other Amounts	547,655	495,156	(52,499)	
Total Liabilities	24,769,679	24,535,952	(233,727)	

(continued)

Wood County Educational Service Center  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

Table 1  
Net Position  
(continued)

	Governmental Activities		
	2021	2020	Change
<u>Deferred Inflows of Resources:</u>			
Pension	783,904	\$1,660,730	\$876,826
OPEB	2,790,048	1,938,993	(851,055)
Total Deferred Inflows of Resources	<u>3,573,952</u>	<u>3,599,723</u>	<u>25,771</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	1,392,999	1,450,447	(57,448)
Restricted	2,037,537	2,277,109	(239,572)
Unrestricted (Deficit)	<u>(17,707,781)</u>	<u>(17,677,090)</u>	<u>(30,691)</u>
Total Net Position (Deficit)	<u>(\$14,277,245)</u>	<u>(\$13,949,534)</u>	<u>(\$327,711)</u>

The net pension/OPEB liability (asset) reported by the Educational Service Center at June 30, 2021, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the Educational Service Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal the Educational Service Center's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Wood County Educational Service Center  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

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GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange”, that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Educational Service Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

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

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

In accordance with GASB Statements No. 68 and No. 75, the Educational Service Center’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s change in the net pension liability and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB related changes noted in the above table reflect an overall increase in deferred outflows and decrease in deferred inflows. The increase in the net pension asset and the net pension liability and the decrease in the net OPEB liability represent the Educational Service Center’s proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension/OPEB liability (asset).

The decrease in current and other assets was primarily due to a decrease in cash and cash equivalents; however, this decrease was largely offset by an increase in intergovernmental receivables resulting from grant reimbursements. The decrease in net capital assets and the investment in capital assets was due to annual depreciation. The increase in other long-term liabilities was due to more individuals meeting the severance criteria.

Wood County Educational Service Center  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

Table 2 reflects the changes in net position for fiscal year 2021 and fiscal year 2020.

Table 2  
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$10,213,497	\$10,822,923	(\$609,426)
Operating Grants and Contributions	2,626,873	2,671,115	(44,242)
Total Program Revenues	<u>12,840,370</u>	<u>13,494,038</u>	<u>(653,668)</u>
General Revenues			
Grants and Entitlements	262,236	264,005	(1,769)
Interest	83,692	142,431	(58,739)
Gifts and Donations	2,350	5,193	(2,843)
Miscellaneous	487,932	237,169	250,763
Total General Revenues	<u>836,210</u>	<u>648,798</u>	<u>187,412</u>
Total Revenues	<u>13,676,580</u>	<u>14,142,836</u>	<u>(466,256)</u>
<u>Expenses:</u>			
Instruction:			
Regular	1,713,036	1,945,124	232,088
Special	2,643,978	2,650,735	6,757
Support Services:			
Pupils	6,343,821	7,010,640	666,819
Instructional Staff	280,221	335,119	54,898
Board of Education	34,442	22,078	(12,364)
Administration	1,381,504	1,354,890	(26,614)
Fiscal	1,013,929	952,037	(61,892)
Business	630	0	(630)
Operation and Maintenance of Plant	121,658	128,525	6,867
Pupil Transportation	0	18,570	18,570
Central	303,342	371,920	68,578
Non-Instructional Services	49,912	27,404	(22,508)
Intergovernmental	117,818	178,989	61,171
Total Expenses	<u>14,004,291</u>	<u>14,996,031</u>	<u>991,740</u>
Decrease in Net Position	<u>(327,711)</u>	<u>(853,195)</u>	<u>525,484</u>
Net Position (Deficit) at Beginning of Year	<u>(13,949,534)</u>	<u>(13,096,339)</u>	<u>(853,195)</u>
Net Position (Deficit) at End of Year	<u>(\$14,277,245)</u>	<u>(\$13,949,534)</u>	<u>(\$327,711)</u>

Program revenues were 94 percent of total revenues for fiscal year 2021 (95 percent for fiscal year 2020). Program revenues are primarily represented by charges for educational programs provided to the school districts served by the Educational Service Center. The services being charged to the school districts involve various instruction and support services. The Educational Service Center provides services to six local, two exempted village, and one city school district in Northwest Ohio, as well as some services to various other area school districts and agencies, both within and outside of Wood County. The decrease in revenues from the prior fiscal year was primarily due to the pandemic; there were no summer programs offered and fewer service sites were opened in the fall.

Wood County Educational Service Center  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

Expenses related to the services charged to school districts are a large portion of the Educational Service Center's budget and dependent on the level of services requested by those school districts which vary from year to year. The decrease in expenses from the prior fiscal year are tied to the reduction in revenues (no summer programs and fewer service sites opened in the fall).

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction:				
Regular	\$1,713,036	\$1,945,124	(\$966,447)	(\$307,433)
Special	2,643,978	2,650,735	(5,539,009)	(6,063,954)
Support Services:				
Pupils	6,343,821	7,010,640	4,849,262	5,177,355
Instructional Staff	280,221	335,119	253,221	190,830
Board of Education	34,442	22,078	34,442	22,078
Administration	1,381,504	1,354,890	1,367,580	1,341,655
Fiscal	1,013,929	952,037	798,697	696,346
Business	630	0	630	0
Operation and Maintenance of Plant	121,658	128,525	120,722	113,044
Pupil Transportation	0	18,570	0	18,570
Central	303,342	371,920	291,220	330,552
Non-Instructional Services	49,912	27,404	(14,688)	(16,746)
Intergovernmental	117,818	178,989	(31,709)	(304)
Total Expenses	<u>\$14,004,291</u>	<u>\$14,996,031</u>	<u>\$1,163,921</u>	<u>\$1,501,993</u>

For fiscal year 2021, 92 percent of the costs for providing services were supported by program revenues (90 percent in fiscal year 2020).

Expenses for paraprofessionals are included in the instructional staff support services program. In contrast, instructional programs are charged to school districts and recorded by the Educational Service Center as charges for services revenue for activities related to regular and special instruction. The instruction programs appear to be over funded while support services programs seem to be quite under funded due to the allocation of professional and paraprofessional support staff charged against the support services programs relative to regular and special instruction.

**The Educational Service Center's Funds**

The Educational Service Center's governmental funds are accounted for using the modified accrual basis of accounting.

For fiscal year 2021, fund balance in the General Fund increased 1 percent. This was not a significant change.

Wood County Educational Service Center  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

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Fund balance in the Community Learning Centers Fund decreased almost 15 percent from the prior fiscal year. There was a decrease in both revenues and expenditures that were pandemic related; there were no summer programs offered and fewer service sites were opened in the fall.

**Capital Assets**

At June 30, 2021, the Educational Service Center had \$1,392,999 invested in capital assets. Additions and disposals were minimal. For further information regarding the Educational Service Center's capital assets, refer to Note 8 to the basic financial statements.

**Current Issues**

As part of Amended Substitute House Bill 49, the fiscal year 2018-2019 Biennial State Operating Budget, educational service center funding was reduced by 3.85 percent to \$41 million in both fiscal years, a reduction of \$1.6 million and has remained the same in fiscal year 2021. Educational service center funding is contained in an earmark within the 200-500 foundation line item in the budget.

For fiscal year 2021, once again, an educational service center may apply to the Ohio Department of Education to be designated as a high-performing educational service center which would generate \$26 per pupil instead of the standard amount of \$24 (subject to appropriation limits). The Educational Service Center continued to receive this status in fiscal year 2021. However, as in years past, there is not enough funding in the appropriation to fund the increased amount. No educational service center will earn \$24 per student or \$26 per student, and the per pupil amounts will be prorated to fit within the appropriation. The language in the State Operating Budget placed a moratorium on additional school districts aligning with educational service centers beginning in fiscal year 2018 which would have further diluted the per pupil funding to educational service centers.

For fiscal year 2022, funding for educational service centers is to be funded according to a new model which should increase funding for both fiscal years 2022 and 2023.

The Educational Service Center granted salary schedule years of experience increases and 2.25 percent salary raises in fiscal year 2021. The permanent elimination of health, dental, and life insurance benefits to paraprofessional staff in fiscal year 2012 continues to have a positive effect on holding down the costs for services sold.

**Contacting the Educational Service Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Educational Service Center's finances and to reflect the Educational Service Center's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jackie Haar, Treasurer/CFO, Wood County Educational Service Center, 1867 North Research Drive, Bowling Green, Ohio 43402-8835.

Wood County Educational Service Center  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,107,088
Accounts Receivable	113,288
Accrued Interest Receivable	1,543
Intergovernmental Receivable	591,336
Prepaid Items	36,806
Net OPEB Asset	622,137
Nondepreciable Capital Assets	112,500
Depreciable Capital Assets, Net	1,280,499
Total Assets	9,865,197
 <u>Deferred Outflows of Resources:</u>	
Pension	3,056,796
OPEB	1,144,393
Total Deferred Outflows of Resources	4,201,189
 <u>Liabilities:</u>	
Accounts Payable	17,100
Accrued Wages and Benefits Payable	1,548,472
Intergovernmental Payable	333,466
Long-Term Liabilities:	
Due Within One Year	67,883
Due in More Than One Year:	
Net Pension Liability	18,776,896
Net OPEB Liability	3,478,207
Other Amounts Due in More Than One Year	547,655
Total Liabilities	24,769,679
 <u>Deferred Inflows of Resources:</u>	
Pension	783,904
OPEB	2,790,048
Total Deferred Inflows of Resources	3,573,952
 <u>Net Position:</u>	
Net Investment in Capital Assets	1,392,999
Restricted for:	
Community Center	1,459,869
Wellness Activities	94,988
Alcohol, Tobacco, and Other Drug Prevention	152,744
Alternative School	114,982
Private Industry Council	34,959
Other Purposes	179,995
Unrestricted (Deficit)	(17,707,781)
Total Net Position (Deficit)	(\$14,277,245)

See Accompanying Notes to Basic Financial Statements



Wood County Educational Service Center  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$1,713,036	\$1,631,466	\$1,048,017	\$966,447
Special	2,643,978	8,034,744	148,243	5,539,009
Support Services:				
Pupils	6,343,821	307,413	1,187,146	(4,849,262)
Instructional Staff	280,221		27,000	(253,221)
Board of Education	34,442			(34,442)
Administration	1,381,504	13,924		(1,367,580)
Fiscal	1,013,929	215,232		(798,697)
Business	630			(630)
Operation and Maintenance of Plant	121,658		936	(120,722)
Central	303,342	10,322	1,800	(291,220)
Non-Instructional Services	49,912	396	64,204	14,688
Intergovernmental	117,818		149,527	31,709
Total Governmental Activities	<u>\$14,004,291</u>	<u>\$10,213,497</u>	<u>\$2,626,873</u>	<u>(1,163,921)</u>
<u>General Revenues:</u>				
Grants and Entitlements not Restricted to Specific Programs				262,236
Interest				83,692
Gifts and Donations				2,350
Miscellaneous				487,932
Total General Revenues				<u>836,210</u>
Change in Net Position				(327,711)
Net Position (Deficit) at Beginning of Year				<u>(13,949,534)</u>
Net Position (Deficit) at End of Year				<u>(\$14,277,245)</u>

See Accompanying Notes to the Basic Financial Statements

Wood County Educational Service Center  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Community Learning Centers	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,288,996	\$1,445,943	\$372,149	\$7,107,088
Accounts Receivable	449	111,479	1,360	113,288
Accrued Interest Receivable	1,543	0	0	1,543
Intergovernmental Receivable	176,077	12,994	402,265	591,336
Interfund Receivable	64,746	45,218	0	109,964
Prepaid Items	36,806	0	0	36,806
Total Assets	<u>\$5,568,617</u>	<u>\$1,615,634</u>	<u>\$775,774</u>	<u>\$7,960,025</u>
<u>Liabilities:</u>				
Accounts Payable	\$2,896	\$5,704	\$8,500	\$17,100
Accrued Wages and Benefits Payable	1,450,787	30,120	67,565	1,548,472
Intergovernmental Payable	239,030	61,726	32,710	333,466
Interfund Payable	0	0	109,964	109,964
Total Liabilities	<u>1,692,713</u>	<u>97,550</u>	<u>218,739</u>	<u>2,009,002</u>
<u>Deferred Inflows of Resources:</u>				
Unavailable Revenue	<u>11,258</u>	<u>58,215</u>	<u>147,369</u>	<u>216,842</u>
<u>Fund Balances:</u>				
Nonspendable	36,806	0	0	36,806
Restricted	0	1,459,869	414,850	1,874,719
Committed	159,390	0	0	159,390
Assigned	454,897	0	0	454,897
Unassigned (Deficit)	3,213,553	0	(5,184)	3,208,369
Total Fund Balances	<u>3,864,646</u>	<u>1,459,869</u>	<u>409,666</u>	<u>5,734,181</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$5,568,617</u>	<u>\$1,615,634</u>	<u>\$775,774</u>	<u>\$7,960,025</u>

See Accompanying Notes to the Basic Financial Statements

Wood County Educational Service Center  
 Reconciliation of Total Governmental Fund Balances  
 to Net Position of Governmental Activities  
 June 30, 2021

Total Governmental Fund Balances		\$5,734,181
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,392,999
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	101,473	
Intergovernmental Receivable	115,369	
		216,842
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(615,538)
<p>The net OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.</p>		
Net OPEB Asset		622,137
Deferred Outflows - Pension		3,056,796
Deferred Inflows - Pension		(783,904)
Net Pension Liability		(18,776,896)
Deferred Outflows - OPEB		1,144,393
Deferred Inflows - OPEB		(2,790,048)
Net OPEB Liability		(3,478,207)
Net Position (Deficit) of Governmental Activities		(\$14,277,245)

See Accompanying Notes to the Basic Financial Statements

Wood County Educational Service Center  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	General	Community Learning Centers	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Intergovernmental	\$300,143	\$141,490	\$2,308,574	\$2,750,207
Interest	83,692	0	0	83,692
Tuition and Fees	684,414	0	84,935	769,349
Customer Services	9,204,293	340,908	145,270	9,690,471
Gifts and Donations	450	64,999	180	65,629
Miscellaneous	419,054	68,270	809	488,133
Total Revenues	<u>10,692,046</u>	<u>615,667</u>	<u>2,539,768</u>	<u>13,847,481</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	895,299	517,809	548,041	1,961,149
Special	2,605,966	0	99,453	2,705,419
Support Services:				
Pupils	5,109,121	23,155	1,060,437	6,192,713
Instructional Staff	158,316	62,839	53,731	274,886
Board of Education	33,559	0	0	33,559
Administration	999,327	1,570	425,070	1,425,967
Fiscal	696,983	52,313	207,113	956,409
Business	0	0	630	630
Operation and Maintenance of Plant	115,104	1,334	936	117,374
Central	6,449	205,670	68,780	280,899
Non-Instructional Services	23,840	0	24,046	47,886
Intergovernmental	0	0	117,818	117,818
Capital Outlay	2,500	0	0	2,500
Total Expenditures	<u>10,646,464</u>	<u>864,690</u>	<u>2,606,055</u>	<u>14,117,209</u>
Changes in Fund Balances	45,582	(249,023)	(66,287)	(269,728)
Fund Balances at Beginning of Year	<u>3,819,064</u>	<u>1,708,892</u>	<u>475,953</u>	<u>6,003,909</u>
Fund Balances at End of Year	<u>\$3,864,646</u>	<u>\$1,459,869</u>	<u>\$409,666</u>	<u>\$5,734,181</u>

See Accompanying Notes to the Basic Financial Statements

Wood County Educational Service Center  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Fiscal Year Ended June 30, 2021

Changes in Fund Balances - Total Governmental Funds (\$269,728)

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

Governmental funds report capital outlays as expenditures.

However, on 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 fiscal year.

Depreciable Capital Assets	12,878	
Depreciation	(70,326)	
		(57,448)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Intergovernmental	75,623	
Tuition and Fees	68,050	
Customer Services	(53,156)	
Miscellaneous	(201)	
		90,316

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (53,521)

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

Pension		(1,452,455)
OPEB		(38,431)

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

Pension		1,356,401
OPEB		97,155

Change in Net Position of Governmental Activities (\$327,711)

See Accompanying Notes to the Basic Financial Statements

Wood County Educational Service Center  
Statement of Fiduciary Net Position  
Custodial Funds  
June 30, 2021

Assets:

Equity in Pooled Cash and Cash Equivalents \$49,371

Net Position:

Restricted for Individuals, Organizations and Other Governments \$49,371

See Accompanying Notes to the Basic Financial Statements

Wood County Educational Service Center  
Statement of Change in Fiduciary Net Position  
Custodial Funds  
For the Year Ended June 30, 2021

<u>Additions:</u>	
Miscellaneous	\$253,629
 <u>Deductions:</u>	
Payments in Accordance with Trust Agreements	<u>212,363</u>
Change in Net Position	41,266
Net Position Beginning of Year	<u>8,105</u>
Net Position End of Year	<u><u>49,371</u></u>

See Accompanying Notes to the Basic Financial Statements

**Note 1 - Reporting Entity**

The Wood County Educational Service Center (the “Educational Service Center”) is located in Bowling Green, Ohio, the county seat. The Educational Service Center supplies supervisory, special education, administrative, and other services to the Eastwood, Elmwood, Lake, Northwood, North Baltimore, and Otsego Local School Districts; Perrysburg and Rossford Exempted Village School Districts; and Bowling Green City School District. The Educational Service Center furnishes leadership and consulting services designed to strengthen these school districts in areas they are unable to finance or staff independently.

The Wood County Educational Service Center operates under a locally-elected Board of Education consisting of five members elected at-large for staggered four year terms. The Educational Service Center has four administrators, two hundred seventy-one classified employees, and one hundred fifty-one certified employees who provide services to the local, exempted village, and city school districts.

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

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

The Educational Service Center participates in four jointly governed organizations and two insurance pools. These organizations are the Penta Career Center, the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Ohio Schools Council, the Ohio School Plan, and the Wood County Schools Benefit Plan Association. These organizations are presented in Notes 17 and 18 to the basic financial statements.



**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Educational Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Educational Service Center that are governmental activities (primarily supported by intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the Educational Service Center has no business-type activities.

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

**Fund Financial Statements**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**B. Fund Accounting**

The Educational Service Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Educational Service Center's funds are reported in two categories, governmental and fiduciary.

Governmental Funds

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

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

Community Learning Centers Fund - The Community Learning Centers Fund is used to account for resources provided by the Wood County Department of Human Services and restricted to promote family literacy skills; to provide safe and supervised after-school, weekend, and summer activities for children grades PreK to 12; and to encourage formation and maintenance of strong families.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report activities that are not required to be reported in a trust fund. The Educational Service Center did not have any trust funds in fiscal year 2021. The Educational Service Center's custodial funds account for resources held on behalf of the operations of Northwest Ohio Educational Training, a technology and professional development center, and for the opiate task force, which raises public awareness of the opioid epidemic in Wood County.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**C. Measurement Focus**

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

Like the government-wide financial statements, fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of change in fiduciary net position which reports additions to and deductions from fiduciary funds.

**D. Basis of Accounting**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

Revenues - Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: grants, interest, tuition, fees, and customer services.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the Educational Service Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB, and explained in Notes 12 and 13 to the basic financial statements.

In addition to liabilities, the statement of financial position may report 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 Educational Service Center, deferred inflows of resources includes unavailable revenue, pension, and OPEB. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Educational Service Center, unavailable revenue includes intergovernmental revenue including grants, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 14. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and explained in Notes 12 and 13 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Expenses/Expenditures**

On the accrual basis, 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.

**E. Cash and Investments**

To improve cash management, cash received by the Educational Service Center is pooled. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through Educational Service Center records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

During fiscal year 2021, investments included nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. STAR 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 Educational Service Center measures the 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 a NAV per share that approximates fair value.

For fiscal year 2021, 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 exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million requiring the excess amount to be transacted the following business day(s) but only to the \$250 million limit. All accounts of the participant will be combined for this purpose.

The Educational Service Center allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2021 was \$83,692, which includes \$55,865 assigned from other Educational Service Center 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 Educational Service Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**F. 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.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**G. Capital Assets**

All of the Educational Service Center’s capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The Educational Service Center maintains a capitalization threshold of one thousand dollars. The Educational Service Center does not have any infrastructure. Improvements are capitalized.

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

<u>Description</u>	<u>Useful Lives</u>
Furniture, Fixtures, and Equipment	5-7 years
Building	40 years

**H. Interfund Assets/Liabilities**

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

**I. Compensated Absences**

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

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**J. Accrued Liabilities and Long-Term Obligations**

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

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

**K. Net Position**

Net position represents the difference between all other elements on the 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 its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes consists of federal and state grants. The Educational Service Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**L. Fund Balance**

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

Nonspendable - The nonspendable classification 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" includes items that are not expected to be converted to cash.

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

Assigned - Amounts in the assigned classification are intended to be used by the Educational Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance for various educational activities and technology upgrades.

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

The Educational Service Center first applies restricted resources when an expenditure is 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 can be used.

**M. Flow-Through Grants**

The Educational Service Center is the primary recipient of grants which are passed through or spent on behalf of the local, exempted village, and city school districts. When the Educational Service Center has a financial or administrative role in the grants, the grants are reported as revenues and intergovernmental expenditures in a special revenue fund. For fiscal year 2021, these funds included the Preschool and Early Childhood Education special revenue funds.

**N. Interfund Transactions**

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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



**Note 2 - Summary of Significant Accounting Policies** (continued)

**O. Pension/Postemployment Benefits**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, 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 systems. 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 systems report investments at fair value.

**P. Estimates**

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

**Note 3 - Change in Accounting Principles**

For fiscal year 2021, the School District implemented GASB Implementation Guide No. 2019-1. These changes were incorporated in the School District's fiscal year 2021 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 - Accountability**

At June 30, 2021, the Parent Mentor, Preschool, and Drug Free Community special revenue funds had deficit fund balances of \$731, \$1,284, and \$3,169, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 5 - Deposits and Investments**

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

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

Inactive deposits are public deposits 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.

**Note 5 - Deposits and Investments** (continued)

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

Interim monies held by the Educational Service Center may 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 2 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).

**Note 5 - Deposits and Investments** (continued)

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

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

**Investments**

As of June 30, 2021, the net asset value of funds on deposit with STAR Ohio was \$1,781,248. The Educational Service Center's investment in STAR Ohio had an average maturity of 54.4 days. STAR Ohio carries a rating of AAA by Standards and Poor's. The Educational Service Center has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Note 6 - State Funding**

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

The Educational Service Center also receives funding from the State Department of Education, in the amount of \$26 multiplied by the average daily membership of the Educational Service Center. Average daily membership includes the total student counts of all of the local school districts served by the Educational Service Center. This amount is paid from State resources. The State Department of Education also deducts from the State Foundation Program settlements of each of the school districts served by the Educational Service Center an amount equal to \$6.50 multiplied by the school district's total student count and remits this amount to the Educational Service Center.

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

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Note 7 - Receivables**

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

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Major Funds	
General Fund	
Tuition	\$159,244
Ohio Department of Education	3,761
Miscellaneous	13,072
Total General Fund	<u>176,077</u>
Community Learning Centers Fund	
Community Learning Centers	12,994
Total Major Funds	<u>189,071</u>
Other Governmental Funds	
Alcohol, Tobacco, and Other Drug Prevention	81,611
Early Childhood Education	32,000
Alternative School	427
Private Industry Council	154,554
ESSER	1,305
Preschool	4,242
21 <sup>st</sup> Century	128,126
Total Other Governmental Funds	<u>402,265</u>
Total Intergovernmental Receivables	<u><u>\$591,336</u></u>

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
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**Note 8 - Capital Assets**

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

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$112,500	\$0	\$0	\$112,500
Depreciable Capital Assets				
Furniture, Fixtures, and Equipment	379,752	12,878	(18,714)	373,916
Building	2,149,640	0	0	2,149,640
Total Depreciable Capital Assets	2,529,392	12,878	(18,714)	2,523,556
Less Accumulated Depreciation				
Furniture, Fixtures, and Equipment	(331,589)	(16,585)	18,714	(329,460)
Building	(859,856)	(53,741)	0	(913,597)
Total Accumulated Depreciation	(1,191,445)	(70,326)	18,714	(1,243,057)
Depreciable Capital Assets, Net	1,337,947	(57,448)	0	1,280,499
Governmental Activities Capital Assets, Net	\$1,450,447	(\$57,448)	\$0	\$1,392,999

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$16,306
Special		6,495
Support Services:		
Pupils		16,817
Instructional Staff		6,775
Administration		16,416
Fiscal		5,400
Operation and Maintenance of Plant		204
Central		1,913
Total Depreciation Expense		\$70,326

**Note 9 - Interfund Assets/Liabilities**

At June 30, 2021, the General Fund had an interfund receivable, in the amount of \$64,746, from other governmental funds; \$30,282 for services provided and \$34,464 to provide cash flow resources until the receipt of grant monies. The Community Learning Centers Fund had an interfund receivable, in the amount of \$45,218, from other governmental funds for services provided. These amounts are expected to be repaid within one year.

**Note 10 - Risk Management**

The Educational Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the Educational Service Center contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan:

General Liability	
Per Occurrence	\$3,000,000
Aggregate	5,000,000
Comprehensive Auto Liability	1,000,000
Property	5,779,256
Cyber	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2021, the Educational Service Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The Educational Service Center participates in the Wood County Schools Benefit Plan Association (Association), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and the Educational Service Center. The Educational Service Center pays monthly premiums to the Association for employee medical and dental benefits. The Association is responsible for the management and operations of the program and the payment of all claims. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Note 11 - Contractual Commitments**

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2022 are as follows:

General Fund	\$70,622
Community Learning Centers Fund	65,840
Other Governmental Funds	200,672
Total	<u>\$337,134</u>

**Note 12 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

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 have already occurred.

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

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

**Note 12 - Defined Benefit Pension Plans** (continued)

GASB Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the amortization period exceeds thirty 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 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 fiscal year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description – Educational Service Center nonteaching 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. The report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Age and service requirements for retirement are as follows.

	Eligible to retire on or before August 1, 2017 *	Eligible to retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; 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; 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 thirty years. Final average salary is the average of the highest three years of salary.



**Note 12 - Defined Benefit Pension Plans** (continued)

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 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 .5 percent cost of living adjustment for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Educational Service Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The Educational Service Center’s contractually required contribution to SERS was \$723,592 for fiscal year 2021. Of this amount, \$56,592 is reported as an intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)**

Plan Description – Educational Service Center licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. The report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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

**Note 12 - Defined Benefit Pension Plans** (continued)

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty. Eligibility changes for DBP members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age sixty or thirty years of service credit at any age.

The DCP allows members to place all of their member contributions and 9.53 percent of the 14 percent employer contribution into an investment account. Investment allocation decisions are determined by the member among the various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer contribution rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DCP who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, the employer and employee rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 12 - Defined Benefit Pension Plans** (continued)

The Educational Service Center's contractually required contribution to STRS was \$632,809 for fiscal year 2021. Of this amount, \$153,582 is reported as an intergovernmental payable.

**Pension Liability, Pension Expense, 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 Educational Service Center's proportion of the net pension liability was based on the Educational Service Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.16317170%	0.03690945%	
Current Measurement Date	<u>0.15438850%</u>	<u>0.03539907%</u>	
Change in Proportionate Share	<u>0.00878320%</u>	<u>0.00151038%</u>	
Proportionate Share of the Net Pension Liability	\$10,211,581	\$8,565,315	\$18,776,896
Pension Expense	\$1,299,051	\$153,404	\$1,452,455

At June 30, 2021, the Educational Service Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences Between Expected and Actual			
Experience	\$19,835	\$19,218	\$39,053
Changes of Assumptions	0	459,792	459,792
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	648,228	416,532	1,064,760
Changes in Proportionate Share and Difference Between ESC Contributions and Proportionate Share of Contributions	59,443	77,347	136,790
ESC Contributions Subsequent to the Measurement Date	<u>723,592</u>	<u>632,809</u>	<u>1,356,401</u>
Total Deferred Outflows of Resources	<u>\$1,451,098</u>	<u>\$1,605,698</u>	<u>\$3,056,796</u>
<b>Deferred Inflows of Resources</b>			
Differences Between Expected and Actual			
Experience	\$0	\$54,769	\$54,769
Changes in Proportionate Share and Difference Between ESC Contributions and Proportionate Share of Contributions	<u>289,670</u>	<u>439,465</u>	<u>729,135</u>
Total Deferred Inflows of Resources	<u>\$289,670</u>	<u>\$494,234</u>	<u>\$783,904</u>

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 12 - Defined Benefit Pension Plans** (continued)

\$1,356,401 reported as deferred outflows of resources related to pension resulting from Educational Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Fiscal Year Ended June 30,	SERS	STRS	Total
2022	(\$123,433)	\$141,976	\$18,543
2023	88,122	73,093	161,215
2024	270,196	135,396	405,592
2025	202,951	128,190	331,141
Total	<u>\$437,836</u>	<u>\$478,655</u>	<u>\$916,491</u>

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67 as part of the 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 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 pension liability in the latest actuarial valuation prepared as of June 30, 2020, are presented below.

Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal (level percent of payroll)

Wood County Educational Service Center  
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**Note 12 - Defined Benefit Pension Plans** (continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. Mortality among service retired members and beneficiaries was based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates. Mortality among disabled members was based on 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 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
U.S. Stocks	22.50	5.75
Non-U.S. 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 7.5 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 (7.5 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 Educational Service Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
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**Note 12 - Defined Benefit Pension Plans** (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Educational Service Center's Proportionate Share of the Net Pension Liability	\$13,988,619	\$10,211,581	\$7,042,574

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below.

Inflation	2.5 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost of Living Adjustments (COLA)	0 percent effective July 1, 2017

Postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table, projected forward generationally using Mortality Improvement Scale MP-2016.

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 12 - Defined Benefit Pension Plans** (continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
	<u>100.00%</u>	

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a thirty year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the Educational Service Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Educational Service Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent as well as what the Educational Service Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Educational Service Center's Proportionate Share of the Net Pension Liability	\$12,195,518	\$8,565,315	\$5,489,021

**Note 12 - Defined Benefit Pension Plans** (continued)

**Social Security**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security of the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2021, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 13 - Defined Benefit OPEB Plans**

See Note 12 for a description of the net OPEB liability (asset).

**School Employees Retirement System (SERS)**

Plan Description - The Educational Service Center contributes to the SERS Health Care Fund administered by SERS for nonteaching retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. The 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 ten 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 sixty-five 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 State statute. The financial report of the Plan is included in the SERS Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://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 105I. The 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 establishes 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.



**Note 13 - Defined Benefit OPEB Plans** (continued)

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, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. State statute provides 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 Educational Service Center's surcharge obligation was \$97,155.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, is the amount assigned to the Health Care Fund. The Educational Service Center's contribution to SERS for health care was \$97,155 for fiscal year 2021. Of this amount, \$97,155 is reported as an intergovernmental payable.

**State Teachers Retirement System (STRS)**

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing health care plan for eligible retirees who participated in the defined benefit and combined pension plans offered by STRS. Ohio law authorizes STRS to offer the plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to postemployment health care.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 13 - Defined Benefit OPEB Plans** (continued)

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Educational Service Center's proportion of the net OPEB liability (asset) was based on the Educational Service Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	.16634370%	.03690945%	
Current Measurement Date	.16004060%	.03539907%	
Change in Proportionate Share	<u>.00630310%</u>	<u>.00151038%</u>	
Proportionate Share of the			
Net OPEB Liability	\$3,478,207	\$0	\$3,478,207
Net OPEB Asset	\$0	\$622,137	\$622,137
OPEB Expense	\$80,252	(\$41,821)	\$38,431

At June 30, 2021, the Educational Service Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences Between Expected and Actual Experience	\$45,682	\$39,864	\$85,546
Changes of Assumptions	592,913	10,270	603,183
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	39,192	21,803	60,995
Changes in Proportionate Share and Difference Between ESC Contributions and Proportionate Share of Contributions	271,668	25,846	297,514
ESC Contributions Subsequent to the Measurement Date	97,155	0	97,155
Total Deferred Outflows of Resources	<u>\$1,046,610</u>	<u>\$97,783</u>	<u>\$1,144,393</u>
<b>Deferred Inflows of Resources</b>			
Differences Between Expected and Actual Experience	\$1,768,911	\$123,920	\$1,892,831
Changes of Assumptions	87,607	590,926	678,533
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	0	0	0
Changes in Proportionate Share and Difference Between ESC Contributions and Proportionate Share of Contributions	181,756	36,928	218,684
Total Deferred Inflows of Resources	<u>\$2,038,274</u>	<u>\$751,774</u>	<u>\$2,790,048</u>

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 13 - Defined Benefit OPEB Plans** (continued)

\$97,155 reported as deferred outflows of resources related to OPEB resulting from Educational Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset 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 as OPEB expense as follows.

Fiscal Year Ended June 30,	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$200,128)	(\$165,484)	(\$365,612)
2023	(197,293)	(150,726)	(348,019)
2024	(197,754)	(145,545)	(343,299)
2025	(217,683)	(132,212)	(349,895)
2026	(196,399)	(29,610)	(226,009)
2027	(79,562)	(30,414)	(109,976)
Total	<u>(\$1,088,819)</u>	<u>(\$653,991)</u>	<u>(\$1,742,810)</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 modification 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.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 13 - Defined Benefit OPEB Plans** (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below.

Inflation	3 percent
Wage Increases	3.5 percent to 18.2 percent
Investment Rate of Return	7.5 percent net of investment expenses, 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 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 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates and the 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, 7.5 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 ten 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 12.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 13 - Defined Benefit OPEB Plans** (continued)

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 prior to June 30, 2020, 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 retirement system at the State statute contribution rate of 2 percent of projected covered employee payroll each year which includes a 1.5 percent payroll surcharge and .5 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 Twenty-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 Educational Service Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rates. The following table presents the net OPEB liability of SERS and what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) or one percentage point higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6 percent decreasing to 3.75 percent) and one percentage point higher (8 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63)
Educational Service Center's Proportionate Share of the Net OPEB Liability	\$4,257,238	\$3,478,207	\$2,858,877
	1% Decrease (6% Decreasing to 3.75%)	Current Trend Rate (7% Decreasing to 4.75%)	1% Increase (8% Decreasing to 5.75%)
Educational Service Center's Proportionate Share of the Net OPEB Liability	\$2,738,823	\$3,478,207	\$4,466,951

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 13 - Defined Benefit OPEB Plans** (continued)

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below.

Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

For healthy retirees, the mortality rates were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

The STRS Health Care Plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 13 - Defined Benefit OPEB Plans** (continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the Health Care Fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the Educational Service Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Educational Service Center's Proportionate Share of the Net OPEB Asset	\$541,301	\$622,137	\$690,726
	1% Decrease	Current Trend Rate	1% Increase
Educational Service Center's Proportionate Share of the Net OPEB Asset	\$686,468	\$622,137	\$543,774

**Note 14 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending on length of service. Accumulated unused vacation time is paid to classified employees, the superintendent, and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, the superintendent, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of forty-seven days for all employees.

Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 14 - Other Employee Benefits** (continued)

**B. Health Care Benefits**

The Educational Service Center offers medical and dental benefits to full-time employees or medical insurance to all employees who work an average thirty hour work week through the Wood County Schools Benefit Plan Association. The Educational Service Center also offers life insurance to all employees through American United Life Insurance.

**Note 15 - Long Term Obligations**

Changes in the Educational Service Center's long-term obligations during fiscal year 2021, were as follows:

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
Net Pension Liability					
SERS	\$9,762,848	\$448,733	\$0	\$10,211,581	\$0
STRS	8,162,303	403,012	0	8,565,315	0
Total Net Pension Liability	17,925,151	851,745	0	18,776,896	0
Net OPEB Liability					
SERS	4,183,195	0	704,988	3,478,207	\$0
Compensated Absences	562,017	80,046	26,525	615,538	67,883
Total Long-Term Obligations	\$22,670,363	\$931,791	\$731,513	\$22,870,641	\$67,883

**Net Pension/OPEB Liability**

There is no repayment schedule for the net pension/OPEB liability; however, employer pension contributions are made from the General Fund; and the Community Learning Centers; Alcohol, Tobacco, and Other Drug Prevention; Alternative School; Private Industry Council; ESSER; Parent Mentor; Preschool; 21<sup>st</sup> Century; and Drug Free Communities special revenue funds. For additional information related to the net pension/OPEB liability, see Notes 12 and 13 to the basic financial statements.

Compensated absences will be paid from the General Fund and the Community Learning Centers special revenue fund.



Wood County Educational Service Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 16 - Fund Balance**

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

Fund Balance	General	Community Learning Centers	Other Governmental	Total Governmental
Nonspendable for:				
Prepaid Items	\$36,806	\$0	\$0	\$36,806
Restricted for:				
Alternative School	0	0	114,982	114,982
Community Learning Centers	0	1,459,869	8,257	1,468,126
Driving Education	0	0	369	369
Drug Abuse Education	0	0	159,295	159,295
Non-Instructional Activities			2,000	2,000
Wellness Activities	0	0	94,988	94,988
Workforce Improvement	0	0	34,959	34,959
<b>Total Restricted</b>	<b>0</b>	<b>1,459,869</b>	<b>414,850</b>	<b>1,874,719</b>
Committed for:				
Termination Benefits	159,390	0	0	159,390
Assigned for:				
Insurance Premiums	60,889	0	0	60,889
Educational Activities	4,547	0	0	4,547
Technology Upgrades	329,332	0	0	329,332
Unpaid Obligations	60,129	0	0	60,129
<b>Total Assigned</b>	<b>454,897</b>	<b>0</b>	<b>0</b>	<b>454,897</b>
Unassigned (Deficit)	3,213,553	0	(5,184)	3,208,369
<b>Total Fund Balance</b>	<b>\$3,864,646</b>	<b>\$1,459,869</b>	<b>\$409,666</b>	<b>\$5,734,181</b>

**Note 17 - Jointly Governed Organizations**

**A. Penta Career Center**

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of nine board members appointed from participating School Districts' or Educational Service Centers' elected Board of Education. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Lucas; and two representatives from the most populous county: Wood. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

**B. Northwest Ohio Computer Association**

The Educational Service Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2021, the Educational Service Center paid \$68,486 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

**C. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

**Note 17 - Jointly Governed Organizations** (continued)

**D. Ohio Schools Council**

The Ohio Schools Council Association (Council) is a jointly governed organization among school districts, educational service centers, joint vocational districts, and Developmental Disabilities Boards which was formed to purchase quality products and services at the lowest possible cost to participants. The Council is governed by a board consisting of nine superintendents from the participants. The degree of control exercised by any participant is limited to its representation on the Board. Financial information can be obtained from the Ohio Schools Council Association, 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

**Note 18 - Insurance Pools**

**A. Ohio School Plan**

The Educational Service Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a twelve member board consisting of individual representatives from various plan members. Hylant Administrative Services is the Plan's administrator and is responsible for processing claims, sales, and customer service. Financial information can be obtained from the Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43604.

**B. Wood County Schools Benefit Plan Association**

The Wood County Schools Benefit Plan Association (Association) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and the Educational Service Center. The Association is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Huntington Retirement Plan Services, 519 Madison Avenue, 3<sup>rd</sup> Floor, Toledo, Ohio 43604.

**Note 19 - Contingencies**

**A. Grants**

The Educational Service Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Educational Service Center at June 30, 2021.

**B. Litigation**

There are currently no matters in litigation with the Educational Service Center as defendant.

**Note 20 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the Educational Service Center received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. 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 21 - Subsequent Event**

For fiscal year 2022, foundation funding for educational service centers will be funded on a new model which is based on a student count. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**Note 22 – Miscellaneous Revenue**

Miscellaneous receipts in the Community Learning Center Fund primarily consisted of additional services provided at the Center related to homework assistance, childcare, and extended learning opportunities.

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

	2021	2020	2019	2018
Educational Service Center's Proportion of the Net Pension Liability	0.15438850%	0.16317170%	0.15757480%	0.14724140%
Educational Service Center's Proportionate Share of the Net Pension Liability	\$10,211,581	\$9,762,848	\$9,024,600	\$8,797,349
Educational Service Center's Employee Payroll	\$5,757,064	\$5,597,711	\$5,309,422	\$4,884,136
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	177.37%	174.41%	169.97%	180.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

(1) Information prior to 2014 is not available.

Amounts presented as of the measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2017	2016	2015	2014
0.14229990%	0.13520220%	0.14050900%	0.14050900%
\$10,415,039	\$7,714,768	\$7,111,081	\$8,355,619
\$4,419,307	\$4,070,296	\$4,083,656	\$3,867,641
235.67%	189.54%	174.14%	216.04%
62.98%	69.16%	71.70%	65.52%

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

	2021	2020	2019	2018
Educational Service Center's Proportion of the Net Pension Liability	0.03539907%	0.03690945%	0.03782918%	0.03674129%
Educational Service Center's Proportionate Share of the Net Pension Liability	\$8,565,315	\$8,162,303	\$8,317,788	\$8,727,972
Educational Service Center's Employee Payroll	\$4,451,164	\$4,339,836	\$4,349,871	\$4,064,793
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	192.43%	188.08%	191.22%	214.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%

(1) Information prior to 2014 is not available.

Amounts presented as of the measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information



2017	2016	2015	2014
0.03806780%	0.05183839%	0.05611239%	0.05611239%
\$12,742,440	\$14,326,615	\$13,648,474	\$16,257,974
\$3,827,307	\$5,211,693	\$5,745,577	\$4,527,800
332.93%	274.89%	237.55%	359.07%
66.80%	72.10%	74.70%	69.30%

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

	2021	2020	2019	2018
Educational Service Center's Proportion of the Net OPEB Liability	0.16004060%	0.16634370%	0.15944590%	0.14901130%
Educational Service Center's Proportionate Share of the Net OPEB Liability	\$3,478,207	\$4,183,195	\$4,423,460	\$3,999,071
Educational Service Center's Employee Payroll	\$5,757,064	\$5,597,711	\$5,309,422	\$4,884,136
Educational Service Center's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	60.42%	74.73%	83.31%	81.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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2017

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0.14337110%

\$4,086,607

\$4,419,307

92.47%

11.49%

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

	2021	2020	2019	2018
Educational Service Center's Proportion of the Net OPEB Liability	0.03539907%	0.03690945%	0.37829180%	0.03674129%
Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset)	(\$622,137)	(\$611,308)	(\$607,876)	\$1,433,509
Educational Service Center's Employee Payroll	\$4,451,164	\$4,339,836	\$4,349,871	\$4,064,793
Educational Service Center's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-13.98%	-14.09%	-13.97%	35.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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2017

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0.03806780%

\$2,035,876

\$3,827,307

53.19%

37.30%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$723,592	\$805,989	\$755,691	\$716,772
Contributions in Relation to the Contractually Required Contribution	<u>(723,592)</u>	<u>(805,989)</u>	<u>(755,691)</u>	<u>(716,772)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Educational Service Center Employee Payroll (1)	\$5,168,514	\$5,757,064	\$5,597,711	\$5,309,422
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	13.50%	13.50%
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$97,155	\$102,019	\$125,418	\$110,849
Contributions in Relation to the Contractually Required Contribution	<u>(97,155)</u>	<u>(102,019)</u>	<u>(125,418)</u>	<u>(110,849)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	<u>1.88%</u>	<u>1.77%</u>	<u>2.24%</u>	<u>2.09%</u>
Total Contributions as a Percentage of Employee Payroll (2)	<u>15.88%</u>	<u>15.77%</u>	<u>15.74%</u>	<u>15.59%</u>

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

(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$683,779	\$618,703	\$536,465	\$565,995	\$535,282	\$537,379
<u>(683,779)</u>	<u>(618,703)</u>	<u>(536,465)</u>	<u>(565,995)</u>	<u>(535,282)</u>	<u>(537,379)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,884,136	\$4,419,307	\$4,070,296	\$4,083,656	\$3,867,641	\$3,995,386
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$79,343	\$68,967	\$102,751	\$74,575	\$70,657	\$79,516
<u>(79,343)</u>	<u>(68,967)</u>	<u>(102,751)</u>	<u>(74,575)</u>	<u>(70,657)</u>	<u>(79,516)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.62%</u>	<u>1.56%</u>	<u>2.52%</u>	<u>1.83%</u>	<u>1.83%</u>	<u>1.99%</u>
<u>15.62%</u>	<u>15.56%</u>	<u>15.70%</u>	<u>15.69%</u>	<u>15.67%</u>	<u>15.44%</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$632,809	\$623,163	\$607,577	\$608,982
Contributions in Relation to the Contractually Required Contribution	<u>(632,809)</u>	<u>(623,163)</u>	<u>(607,577)</u>	<u>(608,982)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Educational Service Center Employee Payroll	\$4,520,064	\$4,451,164	\$4,339,836	\$4,349,871
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See Accompanying Notes to the Required Supplementary Information



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$569,071	\$535,823	\$729,637	\$746,925	\$588,614	\$608,969
<u>(569,071)</u>	<u>(535,823)</u>	<u>(729,637)</u>	<u>(746,925)</u>	<u>(588,614)</u>	<u>(608,969)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,064,793	\$3,827,307	\$5,211,693	\$5,745,577	\$4,527,800	\$4,684,377
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$57,456	\$45,278	\$46,844
<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,456)</u>	<u>(45,278)</u>	<u>(46,844)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Wood County Educational Service Center  
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 below.

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation

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

**Changes in Assumptions - STRS**

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

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0 percent effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

Wood County Educational Service Center  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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Beginning with fiscal year 2018, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table, projected forward generationally using Mortality Improvement Scale MP-2016.

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

**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 below.

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 inflation	
Fiscal Year 2021	2.63 percent
Fiscal Year 2020	3.22 percent
Fiscal Year 2019	3.7 percent
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

**Changes in Assumptions - STRS**

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

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

Wood County Educational Service Center  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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**Changes in Benefit Terms - STRS**

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B reimbursements will be discontinued beginning January 1, 2020.

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

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

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

Wood County Educational Service Center  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2021

	Original	Final	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>				
Intergovernmental	\$303,573	\$296,382	\$296,382	\$0
Interest	96,000	87,306	87,306	0
Tuition and Fees	676,700	545,040	545,040	0
Customer Services	9,364,259	9,308,127	9,223,937	(84,190)
Gifts and Donations	3,100	450	450	0
Miscellaneous	51,800	296,393	297,820	1,427
Total Revenues	<u>10,495,432</u>	<u>10,533,698</u>	<u>10,450,935</u>	<u>(82,763)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	855,372	938,232	864,374	73,858
Special	2,615,964	2,660,696	2,601,085	59,611
Support Services:				
Pupils	5,117,432	5,247,105	5,150,896	96,209
Instructional Staff	194,654	185,913	170,526	15,387
Board of Education	35,096	35,661	33,855	1,806
Administration	1,025,729	1,045,800	992,553	53,247
Fiscal	713,447	753,396	731,288	22,108
Operation and Maintenance of Plant	157,141	157,197	118,861	38,336
Central	41,773	45,371	42,107	3,264
Non-Instructional Services	28,400	28,570	23,840	4,730
Capital Outlay	15,000	26,000	10,554	15,446
Total Expenditures	<u>10,800,008</u>	<u>11,123,941</u>	<u>10,739,939</u>	<u>384,002</u>
Excess of Revenues				
Under Expenditures	<u>(304,576)</u>	<u>(590,243)</u>	<u>(289,004)</u>	<u>301,239</u>
<u>Other Financing Sources (Uses)</u>				
Refund of Prior Year Receipts	0	(22,670)	(22,670)	0
Refund of Prior Year Expenditures	95,766	78,029	78,029	0
Other Financing Uses	(300,000)	(76,216)	0	76,216
Advances In	34,248	34,248	34,248	0
Advances Out	(150,000)	(150,000)	(34,464)	115,536
Total Other Financing Sources (Uses)	<u>(319,986)</u>	<u>(136,609)</u>	<u>55,143</u>	<u>191,752</u>
Changes in Fund Balance	(624,562)	(726,852)	(233,861)	492,991
Fund Balance at Beginning of Year	5,416,726	5,416,726	5,416,726	0
Prior Year Encumbrances Appropriated	35,509	35,509	35,509	0
Fund Balance at End of Year	<u>\$4,827,673</u>	<u>\$4,725,383</u>	<u>\$5,218,374</u>	<u>\$492,991</u>

See Accompanying Notes to the Supplemental Section

Wood County Educational Service Center  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
Community Learning Centers Fund  
For the Fiscal Year Ended June 30, 2021

	Original	Final	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>				
Intergovernmental	\$228,321	\$203,364	\$203,364	\$0
Customer Services	500,436	301,134	301,134	0
Gifts and Donations	66,779	64,999	64,999	0
Miscellaneous	0	9,893	9,893	0
Total Revenues	<u>795,536</u>	<u>579,390</u>	<u>579,390</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,136,432	1,163,542	529,439	634,103
Support Services:				
Pupils	52,712	52,712	25,594	27,118
Instructional Staff	83,638	84,894	64,258	20,636
Administration	2,870	3,142	1,837	1,305
Fiscal	88,283	88,283	61,604	26,679
Operation and Maintenance of Plant	600	800	800	0
Pupil Transportation	19,400	19,400	0	19,400
Central	229,626	234,702	204,992	29,710
Total Expenditures	<u>1,613,561</u>	<u>1,647,475</u>	<u>888,524</u>	<u>758,951</u>
Excess of Revenue				
Under Expenditures	<u>(818,025)</u>	<u>(1,068,085)</u>	<u>(309,134)</u>	<u>758,951</u>
<u>Other Financing Uses</u>				
Refund of Prior Year Receipts	(100)	(314)	(314)	0
Other Financing Uses	(200,000)	(165,872)	0	165,872
Total Other Financing Uses	<u>(200,100)</u>	<u>(166,186)</u>	<u>(314)</u>	<u>165,872</u>
Changes in Fund Balance	(1,018,125)	(1,234,271)	(309,448)	924,823
Fund Balance at Beginning of Year	1,682,218	1,682,218	1,682,218	0
Prior Year Encumbrances Appropriated	7,333	7,333	7,333	0
Fund Balance at End of Year	<u>\$671,426</u>	<u>\$455,280</u>	<u>\$1,380,103</u>	<u>\$924,823</u>

See Accompanying Notes to the Supplemental Section

**Note 1 - Budgetary Process**

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

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

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

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

**Note 2 - Budgetary Basis of Accounting**

While the Educational Service Center is reporting financial position, results of operations, and changes in fund 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 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and the Community Learning Centers special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

Wood County Educational Service Center  
Notes to the Supplemental Section  
For the Fiscal Year Ended June 30, 2021

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**Note 2 - Budgetary Basis of Accounting** (continued)

The adjustments necessary to reconcile the GAAP and budgetary basis statements are as follows:

Changes in Fund Balance

	General	Community Learning Centers
GAAP Basis	\$45,582	(\$249,023)
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued FY 2020, Received in Cash FY 2021	34,011	75,199
Accrued FY 2021, Not Yet Received in Cash	(197,093)	(111,476)
Expenditure Accruals:		
Accrued FY 2020, Paid in Cash FY 2021	(1,725,929)	(58,572)
Accrued FY 2021, Not Yet Paid in Cash	1,692,713	97,550
Prepaid Items	(12,307)	2,714
Advances In	34,248	0
Advances Out	(34,464)	0
Encumbrances Outstanding at Year End (Budget Basis)	(70,622)	(65,840)
Budget Basis	(\$233,861)	(\$309,448)



**WOOD COUNTY EDUCATIONAL SERVICE CENTER  
WOOD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<b><u>Child Nutrition Cluster:</u></b>			
COVID-19 School Breakfast Program	10.553	2021	\$1,244
School Breakfast Program	10.553	2021	6,713
Total School Breakfast Program			<u>7,957</u>
National School Lunch Program:			
COVID-19 Cash Assistance	10.555	2021	2,507
Cash Assistance	10.555	2021	20,112
Non-Cash Assistance (Food Distribution)	10.555	2021	2,578
Total National School Lunch Program			<u>25,197</u>
Total Child Nutrition Cluster			33,154
<b>Total U.S. Department of Agriculture</b>			<b><u>33,154</u></b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Wood County Department of Job and Family Services</i>			
<b><u>Workforce Innovation and Opportunity Act (WIOA) Cluster:</u></b>			
WIOA Youth Activities	17.259	2020	31,212
		2021	274,731
Total WIOA Youth Activities			<u>305,943</u>
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			305,943
<b>Total U.S. Department of Labor</b>			<b><u>305,943</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2021	136,777
<b><u>Special Education Cluster:</u></b>			
Special Education Grants to States	84.027	2021	27,000
Special Education Preschool Grants	84.173	2020	3,979
		2021	17,285
Total Special Education Preschool Grants			<u>21,264</u>
Total Special Education Cluster			48,264
Twenty-First Century Community Learning Centers	84.287	2021	424,350
COVID-19 Education Stabilization Fund	84.425C	2021	961
COVID-19 Education Stabilization Fund	84.425D	2021	21,433
Total COVID-19 Education Stabilization Fund			<u>22,394</u>
<b>Total U.S. Department of Education</b>			<b><u>631,785</u></b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b><i>Direct Assistance</i></b>			
Drug-Free Communities Support Program Grants	93.276	2021	102,855
<b><i>Passed Through Wood County Department of Job and Family Services</i></b>			
Temporary Assistance for Needy Families	93.558	2020	58,524
		2021	65,828
Total Temporary Assistance for Needy Families			<u>124,352</u>
Child Care and Development Block Grant	93.575	2021	77,370
<b><i>Passed Through Wood County Department of Alcohol, Drug Addiction, and Mental Health Services</i></b>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2021	110,494
<b>Total U.S. Department of Health and Human Services</b>			<b><u>415,071</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$1,385,953</u></u></b>

The accompanying notes are an integral part of this schedule.

**WOOD COUNTY EDUCATIONAL SERVICE CENTER  
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wood County Educational Service Center, Wood County, Ohio (the Center) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position or changes in net position of the Center.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – CHILD NUTRITION CLUSTER**

The Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Center assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

The Center reports commodities consumed on the Schedule at the entitlement value. The Center allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE F – MATCHING REQUIREMENTS**

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



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Columbus, Ohio 43215  
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(800) 282-0370

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

Wood County Educational Service Center  
Wood County  
1867 North Research Drive  
Bowling Green, Ohio 43402-8835

To the Governing Board:

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, each major fund, and the aggregate remaining fund information of Wood County Educational Service Center, Wood County, Ohio, (the Center) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Center'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 Center'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 Center'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 Center'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 Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022



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Columbus, Ohio 43215  
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(800) 282-0370

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

Wood County Educational Service Center  
Wood County  
1867 North Research Drive  
Bowling Green, Ohio 43402-8835

To the Governing Board:

***Report on Compliance for the Major Federal Program***

We have audited Wood County Educational Service Center, Wood County, Ohio's (the Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Wood County Educational Service Center's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal program.

***Management's Responsibility***

The Center's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the Center's compliance for the Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Center's major program. However, our audit does not provide a legal determination of the Center's compliance.

***Opinion on the Major Federal Program***

In our opinion, Wood County Educational Service Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022

**WOOD COUNTY EDUCATIONAL SERVICE CENTER  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Twenty-First Century Community Learning Centers – CFDA #84.287
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**WOOD COUNTY EDUCATIONAL SERVICE CENTER**

**WOOD COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/31/2022**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)