bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PICKAWAY COUNTY EDUCATIONAL SERVICE CENTER
PICKAWAY COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2022

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Education
Pickaway County Educational Service Center
2050 Stoneridge Drive
Circleville, Ohio 43133

We have reviewed the *Independent Auditor's Report* of the Pickaway County Educational Service Center, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Pickaway County Educational Service Center is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 23, 2023

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Pickaway County Educational Service Center
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Pickaway County Educational Service Center
Pickaway County
2050 Stoneridge Drive
Circleville, OH 43113

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway County Educational Service Center, Pickaway County, Ohio (the Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway County Educational Service Center, Pickaway County, Ohio as of June 30, 2022, 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.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 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.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for the General and Special Program funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for the General and Special Program funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 28, 2022

The Pickaway County Educational Service Center's (the Center) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

- The Center's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2022 by $4,419,840.
- The Center's net position of governmental activities increased $683,072.
- General revenues accounted for $320,057 or 5 percent of total revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $6,569,714 or 95 percent of total revenues of $6,889,771.
- The Center had $6,206,699 in expenses related to governmental activities; $6,569,714 of these expenses were offset by program specific revenues.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

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

Reporting the Center as a Whole

The analysis of the Center as a whole begins on page 5. These reports provide information that will help the reader to determine whether the Center is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Center's net position and changes to net position. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account nonfinancial factors that also impact the Center's financial well-being. Some of these factors include the condition of capital assets and required educational support services to be provided.

In the statement of net position and the statement of activities, the Center has only one kind of activity.

- Governmental activities. Most of the Center's programs and services are reported here including instruction, support services, and operation of non-instructional services.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's funds begins on page 8. Fund financial statements provide detailed information about the Center's major funds, not the Center as a whole. Some funds are required by State law. Other funds may be established by the Treasurer with approval from the Board to help control, manage, and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Center's major funds are the general fund and the special program fund.

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

Reporting the Center's Fiduciary Responsibilities. The Center acts in trustee capacity as an agent for another governmental unit. These activities are reported in a custodial fund. All of the Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

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

The Center as a Whole

As stated previously, the statement of net position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2022 compared to 2021.

Table 1
Net Position
Governmental Position

	2022	2021
Assets:		
Current and Other Assets	$2,528,905	$2,236,651
Capital Assets, Net	397,321	417,253
Total Assets	2,926,226	2,653,904
Deferred Outflows of Resources	2,211,519	2,023,536
Liabilities:		
Current and Other Liabilities	631,754	584,613
Long-Term Liabilities	4,827,651	8,174,214
Total Liabilities	5,459,405	8,758,827
Deferred Inflows of Resources	4,098,180	1,021,525

Table 1
Net Position
Governmental Position
(Continued)

	2022	2021
Net Position:		
Investment in Capital Assets	$397,321	$417,253
Restricted	276,013	222,282
Unrestricted (Deficit)	(5,093,174)	(5,742,447)
Total Net Position	($4,419,840)	($5,102,912)

Current and other assets increased $292,254 between years due primarily to an increase in cash and cash equivalents because of an increase in program services revenues. This increase was partially offset by a decrease in intergovernmental receivables, due to a reduction in the amount of COVID funding available but not yet drawn by year-end as compared to the prior year. Capital assets, net decreased $19,932 due to current year depreciation expense, which was partially offset by an increase for an addition. Deferred outflows of resources increased $187,983 due to an increase in actuarially determined amounts related to the Center's proportionate share of the state-wide net pension/OPEB liability (asset). Current and other liabilities increased $47,141 between years due to an increase in accrued wages and benefits, which was partially offset by a decrease in accounts payable. Long-term liabilities decreased $3,346,563 due to a decrease in the Center's proportionate share of the state-wide net pension and OPEB liabilities. Deferred inflows of resources increased $3,076,655 due to an increase in actuarially determined amounts related to the Center's proportionate share of the state-wide net pension/OPEB liability (asset).

Table 2 shows the changes in net position for the fiscal years ended June 30, 2022 and 2021.

Table 2
Changes in Net Position
Governmental Activities

	2022	2021
Revenues		
Program Revenues:		
Charges for Services and Sales	$6,110,050	$5,527,379
Operating Grants and Contributions	459,664	442,386
Total Program Revenues	6,569,714	5,969,765
General Revenues:		
Grants and Entitlements not Restricted	276,919	245,394
Investment Earnings	2,410	2,225
Miscellaneous	40,728	46,725
Total General Revenues	320,057	294,344
Total Revenues	6,889,771	6,264,109

Table 2
Changes in Net Position
Governmental Activities
(Continued)

	2022	2021
Program Expenses:		
Instruction		
Regular	$627,185	$513,935
Special	472,156	575,315
Adult/Continuing	0	33
Student Intervention Services	33,971	277
Other	24,902	31,501
Support Services		
Pupils	3,242,967	3,569,929
Instructional Staff	299,866	408,036
Board of Education	72,181	51,034
Administration	609,906	465,052
Fiscal	223,442	246,515
Business	28,415	24,452
Operation and Maintenance of Plant	151,892	215,983
Pupil Transportation	49,815	57,080
Central	363,287	234,531
Operation of Non-Instructional Services	6,714	0
Total Expenses	6,206,699	6,393,673
Change in Net Position	683,072	(129,564)
Net Position at Beginning of Year	(5,102,912)	(4,973,348)
Net Position at End of Year	($4,419,840)	($5,102,912)

Charges for services and sales increased by $582,671 due primarily to increases in contract services paid by member school districts and increases in the amount of services provided to the Pickaway County Family and Children First Council. Operating grants and contributions remained relatively consistent between years. Unrestricted grants and entitlements increased $31,525 between years due to an increase in amounts received from the State foundation. Miscellaneous revenue decreased $5,997 due primarily to a decrease in workers compensation rebates received between years.

Most expenses decreased between years due to a decrease in expenses related to the state-wide net pension and OPEB liabilities. The current year pension/OPEB gain amounted to $19,615 and the prior year expense amounted to $856,395. This resulted in a net decrease in expenses of $876,010. However, this decrease was partially offset by an increase in expenses related to the additional contract services provided to member districts and the Pickaway County Family and Children First Council.

Governmental Activities

Charges for services and sales comprised 89 percent of revenue for governmental activities and operating grants and contributions comprised 7 percent, while general revenue grants and entitlements comprised 4 percent of revenue for governmental activities of the Center for fiscal year 2022.

As indicated by governmental program expenses, support services are emphasized. Support services for pupils comprised 52 percent of governmental program expenses while support services for instructional staff comprised 5 percent and administration comprised 10 percent of governmental expenses. Regular and special instruction also accounted for 10 percent and 8 percent, respectively, of governmental expenses.

The statement of activities shows the cost of program services and the charges for services and sales and operating grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by general revenues of the Center.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$1,158,214	($133,372)	$1,121,061	$71,663
Support Services	5,041,771	(229,885)	5,272,612	352,245
Non-Instructional Services	6,714	242	0	0
Total Expenses	$6,206,699	($363,015)	$6,393,673	$423,908

The Center's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $6,985,854 and expenditures of $6,765,614.

The general fund had $5,331,581 in revenues and $5,263,850 in expenditures, resulting in an increase in fund balance of $67,731. This increase was primarily due to an increase in contract service revenues received from member districts. Expenditures also increased to provide for these additional contract services. The special program fund had $1,010,863 in revenues and $873,208 in expenditures, resulting in an increase in fund balance of $137,655. This increase was primarily due to an increase in program service revenue received for services provided to the Pickaway County Family and Children First Council, which outpaced corresponding increases in expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the Center had $397,321 invested in its capital assets, net of accumulated depreciation. Table 4 shows the fiscal year 2022 balances compared to 2021.

Table 4
Capital Assets
(Net of Accumulated Depreciation)
Governmental Activities

	2022	2021
Land	$66,900	$66,900
Building	303,376	319,541
Furniture and Equipment	27,045	30,812
Totals	$397,321	$417,253

Changes in capital assets from the prior year resulted from building improvements and current year depreciation expense. See note 5 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2022, the Center had no outstanding debt obligations. See note 8 to the basic financial statements for more detailed information related to other long-term obligations.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's financial condition and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kristin O'Dell, Treasurer, Pickaway County Educational Service Center, 2050 Stoneridge Drive, Circleville, Ohio 43113.

Pickaway County Educational Service Center
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$1,955,003
Accounts Receivable	31,643
Intergovernmental Receivable	28,253
Lease Receivable	23,177
Noncurrent Assets:	
Non-Depreciable Capital Assets	66,900
Depreciable Capital Assets, Net	330,421
Net OPEB Asset	490,829
Total Assets	2,926,226
Deferred Outflows of Resources	
Pensions	2,006,094
OPEB	205,425
Total Deferred Outflows of Resources	2,211,519
Liabilities	
Current Liabilities:	
Accounts Payable	4,582
Accrued Wages and Benefits	536,054
Intergovernmental Payable	91,118
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	6,080
Due in More Than One Year	330,070
Net Pension Liability	3,986,045
Net OPEB Liability	505,456
Total Liabilities	5,459,405
Deferred Inflows of Resources	
Pensions	3,155,804
OPEB	919,199
Leases	23,177
Total Deferred Inflows of Resources	4,098,180
Net Position	
Investment in Capital Assets	397,321
Restricted for Other Purposes	276,013
Unrestricted (Deficit)	(5,093,174)
Total Net Position	($4,419,840)

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction				
Regular	$627,185	$673,023	$26,664	$72,502
Special	472,156	524,985	2,330	55,159
Student Intervention Services	33,971	32,831	0	(1,140)
Other	24,902	14,226	17,527	6,851
Support Services				
Pupils	3,242,967	3,213,396	245,612	216,041
Instructional Staff	299,866	264,490	22,989	(12,387)
Board of Education	72,181	54,556	0	(17,625)
Administration	609,906	639,315	30,564	59,973
Fiscal	223,442	235,775	52	12,385
Business	28,415	27,462	0	(953)
Operation and Maintenance of Plant	151,892	124,827	2,116	(24,949)
Pupil Transportation	49,815	51,808	472	2,465
Central	363,287	253,356	104,866	(5,065)
Operation of Non-Instructional Services	6,714	0	6,472	(242)
Total Governmental Activities	$6,206,699	$6,110,050	$459,664	363,015
		General Revenues		
		Grants and Entitlements not Restricted to Specific Programs		276,919
		Investment Earnings		2,410
		Miscellaneous		40,728
		Total General Revenues		320,057
		Change in Net Position		683,072
		Net Position Beginning of Year		(5,102,912)
		Net Position End of Year		($4,419,840)

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Program Fund	All Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$1,618,608	$249,914	$86,481	$1,955,003
Accounts Receivable	24,148	580	6,915	31,643
Interfund Receivable	18,985	0	0	18,985
Intergovernmental Receivable	0	0	28,253	28,253
Lease Receivable	23,177	0	0	23,177
Total Assets	$1,684,918	$250,494	$121,649	$2,057,061
Liabilities				
Accounts Payable	$3,707	$0	$875	$4,582
Accrued Wages and Benefits	505,827	21,531	8,696	536,054
Interfund Payable	0	0	18,985	18,985
Intergovernmental Payable	83,609	3,370	4,139	91,118
Total Liabilities	593,143	24,901	32,695	650,739
Deferred Inflows of Resources				
Unavailable Revenues-Grants	0	0	9,268	9,268
Unavailable Revenues-Program Services	1,997	0	0	1,997
Leases	23,177	0	0	23,177
Total Deferred Inflows of Resources	25,174	0	9,268	34,442
Fund Balances				
Restricted	0	225,593	88,658	314,251
Committed	75,002	0	0	75,002
Assigned	8,573	0	0	8,573
Unassigned (Deficit)	983,026	0	(8,972)	974,054
Total Fund Balances	1,066,601	225,593	79,686	1,371,880
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$1,684,918	$250,494	$121,649	$2,057,061

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		$1,371,880
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		397,321
Other long-term assets are not available to pay for the current period's expenditures and therefore are deferred in the funds.		
Grants	9,268	
Program services	1,997	
Total		11,265
The net pension/OPEB liability (asset) is not due and payable (receivable) in the current period. Therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows-pension	2,006,094	
Deferred outflows-OPEB	205,425	
Deferred inflows-pension	(3,155,804)	
Deferred inflows-OPEB	(919,199)	
Net pension liability	(3,986,045)	
Net OPEB asset	490,829	
Net OPEB liability	(505,456)	
Total		(5,864,156)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences	(336,150)	
Total		(336,150)
Net Position of Governmental Activities		($4,419,840)

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2022

	General Fund	Special Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental	$276,919	$2,499	$540,065	$819,483
Interest	2,410	0	0	2,410
Program Services	5,000,912	993,364	103,345	6,097,621
Leases and Rent	10,612	0	0	10,612
Gifts and Donations	0	15,000	0	15,000
Miscellaneous	40,728	0	0	40,728
Total Revenues	5,331,581	1,010,863	643,410	6,985,854
Expenditures				
Current				
Instruction				
Regular	388,969	261,284	22,690	672,943
Special	403,219	116,470	0	519,689
Student Intervention Services	33,971	0	0	33,971
Other	14,720	0	17,268	31,988
Support Services				
Pupils	3,062,141	255,133	298,327	3,615,601
Instructional Staff	266,641	0	49,441	316,082
Board of Education	74,691	0	0	74,691
Administration	402,227	221,954	28,839	653,020
Fiscal	238,152	2,586	0	240,738
Business	28,415	0	0	28,415
Operation and Maintenance of Plant	110,617	15,781	3,037	129,435
Pupil Transportation	53,266	0	500	53,766
Central	178,396	0	201,740	380,136
Operation of Non-Instructional Services	0	0	6,714	6,714
Capital Outlay	8,425	0	0	8,425
Total Expenditures	5,263,850	873,208	628,556	6,765,614
Net Change in Fund Balances	67,731	137,655	14,854	220,240
Fund Balances Beginning of Year	998,870	87,938	64,832	1,151,640
Fund Balances End of Year	$1,066,601	$225,593	$79,686	$1,371,880

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$220,240
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. These amounts are as follows:		
Capital asset additions	8,425	
Current year depreciation	(28,357)	
Total		(19,932)
Because some revenues will not be collected for several months after the Center's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		
Grants	(97,900)	
Program services	1,817	
Total		(96,083)
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		
Pensions	565,175	
OPEB	8,688	
Total		573,863
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.		
Pensions	(59,236)	
OPEB	39,621	
Total		(19,615)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in compensated absences	24,599	
Total		24,599
Change in Net Position of Governmental Activities		$683,072

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Fund
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$151,091
Intergovernmental Receivable	8,559
Total Assets	159,650
Net Position	
Restricted for Individuals, Organizations, and Other Governments	159,650
Total Net Position	$159,650

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2022

	Custodial Fund
Additions	
Amounts Received as Fiscal Agent	$572,288
Total Additions	572,288
Deductions	
Distributions as Fiscal Agent	509,176
Total Deductions	509,176
Change in Net Position	63,112
Net Position Beginning of Year	96,538
Net Position End of Year	$159,650

See the accompanying notes to the basic financial statements.

Note 1 – Description of the Center and Reporting Entity

Description of the Entity

The Pickaway County Educational Service Center (the Center) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is a County School District as defined by Section 313 of the Ohio Revised Code (ORC).

The Center is governed by a five member Governing Board elected by the citizens of Pickaway County and is responsible for the provision of special education and support services to public school districts located in the County. The Center also provides support services for the pupils and instructional staff, general administration, business, and fiscal services.

The Center serves Logan Elm Local School District, Teays Valley Local School District, and Westfall Local School District as provided by Senate Bill 140, ORC Section 3313.483. Circleville City School District and other school districts inside and outside of Pickaway County are served on an individual contract basis for various services.

Reporting Entity

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

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations for which the Center approves the budget, the issuance of debt, or the levying of taxes. As of June 30, 2022, the Center had no component units.

During fiscal year 2022, the Center was associated with three jointly governed organizations and two insurance purchasing pools. These organizations are META Solutions, Pickaway-Ross Career and Technology Center, the Pickaway County Public Employees Benefits Program, the Ohio Association of School Business Officials Workers' Compensation Group Rating Program, and Schools of Ohio Risk Sharing Authority. These organizations are discussed in notes 11 and 14.

Note 2 – Summary of Significant Accounting Policies

Fund Accounting

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

The Center's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Center functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds:

Governmental funds are those through which most governmental functions of the Center are financed. The acquisition, use, and balances of the Center's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the Center's major governmental funds:

> *General Fund* – The general fund is the general operating fund of the Center and is used to account for all financial resources not accounted for and reported in another fund. The general fund is available to the Center for any purpose provided it is expended or transferred according to the school laws of Ohio.
>
> *Special Program Fund* – The special program special revenue fund is used to account for financial resources received and expended for various programs provided by the Center. The major sources of revenue of this fund are intergovernmental grants and charges for services provided by the Center.

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

Fiduciary Fund:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center's only fiduciary fund is a custodial fund which is used to account for activity of the Pickaway County Family and Children First Council, for which the Center acts as fiscal agent. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

<u>Basis of Presentation</u>

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

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of governmental activities of the Center at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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. Revenues which are not classified as program, revenues are presented as general revenues of the Center. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements:

During the year, the Center segregates transactions related to certain 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 Center at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus and Basis of Accounting

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

Fund Financial Statements - 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

The modified accrual basis is utilized for reporting purposes by the governmental fund types. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: grants and program services.

Deferred Inflows/Outflows of Resources - In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits. The pension and other post-employment benefits items are further explained in notes 6 and 7.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources are reported on the government-wide statement of net position for leases, pension, and other post-employment benefits. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. The pension and other post-employment benefits items are further explained in notes 6 and 7.

Expenses/Expenditures - 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 the governmental funds.

Budgetary Process

Although not legally required, the Center adopts its budget for all funds, except for the custodial fund. The budget includes the estimated resources and expenditures for each fund and consists of three parts: Part (A) includes entitlement funding from the State, Part (B) includes the cost of all other lawful expenditures of the Center (which are apportioned by the State Department of Education to each local board of education under the supervision of the Center), and Part (C) includes the adopted appropriation resolution.

In fiscal year 2004, the Center's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the Center was discretionary, the Center continued to have its Board approve appropriations and estimated revenues. The Center's Board adopts an annual appropriation 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 levels without resolution by the Board. Throughout the year, estimated resources and appropriations may be amended or supplemented as circumstances warrant.

Cash and Cash Equivalents

To improve cash management, all cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet and the statement of net position.

As of June 30, 2022, the Center had no investments.

Capital Assets and Depreciation

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of $5,000. The Center does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported 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:

Description	Estimated Lives
Land Improvements	5 Years
Building	30 Years
Furniture and Equipment	5-10 Years

<u>Interfund Balances</u>

On the fund financial statements, receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due to/from other funds.” Also, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

<u>Intergovernmental Revenues</u>

In governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a nonreimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the funding is available.

<u>Interfund Transactions</u>

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. Transfers within the governmental activities are eliminated on the government-wide financial statements.

<u>Compensated Absences</u>

GASB Statement No. 16, “Accounting for Compensated Absences”, specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee’s right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payments.

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 Center will compensate the employees for the benefits through paid time off or some other means. The 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 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 Center’s termination policy. The Center records all liability for accumulated unused sick leave for classified employees after 10 years of current service with the Center and for certified employees and administrators after 10 years of service.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid. The Center had no matured compensated absences at June 30, 2022.

Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities, once incurred, that are paid in full and in a timely manner from current financial resources, are reported as obligations of the funds. However, compensated absences and net pension/OPEB liability that will be paid from governmental funds upon the occurrence of employee resignations and retirements are reported as a liability in the fund financial statements. The Center had no long-term obligations other than compensated absences, net pension liability, and net OPEB liability at June 30, 2022 as disclosed in note 8.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants whose use is restricted by grant agreements.

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

None of the Center's restricted net position is restricted by enabling legislation.

Fund Balance

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the Center Board.

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Pensions/OPEB

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

Note 3 – Deposits and Investments

State statutes classify monies held by the Center into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Center treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Protection of the 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 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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 purchase unless matched to a specific obligation or debt of the 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.

Deposits **–** Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2022, the Center's bank balance of $2,272,525 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

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

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

Note 4 – Lease Receivable

The Center is reporting a lease receivable of $23,177 in the governmental funds at June 30, 2022. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2022, the Center reported lease revenue of $9,502 and interest revenue of $1,498 in the governmental funds. A description of the Center's leasing arrangement is as follows:

The Center entered into a lease agreement with the Ross County Health District (Health District) for the three-year term beginning July 1, 2021 and ended June 30, 2024. The Health District will remit monthly lease installments of $1,000 to the Center for the term of the lease. A summary of future payments to be received is as follows:

Fiscal Year Ending June 30,	Principal	Interest
2023	$11,745	$1,255
2024	11,432	568
Total	$23,177	$1,823

Note 5 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

	Balance at 6/30/21	Additions	Deletions	Balance at 6/30/22
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$66,900	$0	$0	$66,900
Total Capital Assets Not Being Depreciated	66,900	0	0	66,900
Capital Assets Being Depreciated				
Land Improvements	19,330	0	0	19,330
Building	700,899	8,425	0	709,324
Furniture and Equipment	95,151	0	0	95,151
Total Capital Assets Being Depreciated	815,380	8,425	0	823,805
Less Accumulated Depreciation				
Land Improvements	(19,330)	0	0	(19,330)
Building	(381,358)	(24,590)	0	(405,948)
Furniture and Equipment	(64,339)	(3,767)	0	(68,106)
Total Accumulated Depreciation	(465,027)	(28,357)	0	(493,384)
Total Capital Assets Being Depreciated, Net	350,353	(19,932)	0	330,421
Governmental Activities Capital Assets, Net	$417,253	($19,932)	$0	$397,321

Depreciation expense was charged to governmental functions as follows:

Support Services:	
Board of Education	$787
Operation and Maintenance of Plant	27,570
Total Depreciation Expense	$28,357

Note 6 – Defined Benefit Pension Plans

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

Net Pension/OPEB Liability (Asset)

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability to (asset for) employees for pensions/OPEB. Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

School Employees Retirement System (SERS)

Plan Description – 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. That report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center's contractually required contributions to SERS were $133,656 for fiscal year 2022, which includes a liability of $0 reported as intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – Center licensed teachers and other 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 stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB

Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate was 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The Center's contractually required contributions to STRS were $431,519 for fiscal year 2022, which includes a liability of $73,763 reported as intergovernmental payable.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Current Measurement Date	0.027361300%	0.023279491%	
Prior Measurement Date	0.027689400%	0.022364180%	
Change in Proportionate Share	-0.000328100%	0.000915311%	
Proportionate Share of the Net Pension Liability	$1,009,553	$2,976,492	$3,986,045
Pension Expense	($39,910)	$99,146	$59,236

At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$97	$91,961	$92,058
Changes of assumptions	21,258	825,732	846,990
Changes in proportion and differences between Center contributions and proportionate share of contributions	0	501,871	501,871
Center contributions subsequent to the measurement date	133,656	431,519	565,175
Total Deferred Outflows of Resources	$155,011	$1,851,083	$2,006,094
Deferred Inflows of Resources			
Differences between expected and actual experience	$26,181	$18,656	$44,837
Net difference between projected and actual earnings on pension plan investments	519,946	2,565,166	3,085,112
Changes in proportion and differences between Center contributions and proportionate share of contributions	18,865	6,990	25,855
Total Deferred Inflows of Resources	$564,992	$2,590,812	$3,155,804

$565,175 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($142,229)	($191,510)	($333,739)
2024	(118,189)	(223,142)	(341,331)
2025	(123,627)	(285,464)	(409,091)
2026	(159,592)	(471,132)	(630,724)
Total	($543,637)	($1,171,248)	($1,714,885)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2021
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.00 percent, on or after April 1, 2018, COLAs for future Retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	(0.33)%
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	100.00%	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 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 (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$1,679,648	$1,009,553	$444,432

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021 actuarial valuation, compared to those used in the June 30, 2020 actuarial valuation, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent	0.00 percent

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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
Total	100.00 %	

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$5,573,856	$2,976,492	$781,725

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown

Note 7 – Postemployment Benefits

See note 6 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description – The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the Center's surcharge obligation was $8,688.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $8,688 for fiscal year 2022, which includes a liability of $8,688 reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability (asset) was based on the 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.026707200%	0.023279491%	
Prior Measurement Date	0.026259000%	0.022364180%	
Change in Proportionate Share	0.000448200%	0.000915311%	
Proportionate Share of the Net OPEB Liability	$505,456	$0	$505,456
Proportionate Share of the Net OPEB Asset	$0	($490,829)	($490,829)
OPEB Gain	($22,075)	($17,546)	($39,621)

At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$5,388	$17,476	$22,864
Net difference between projected and actual earnings on OPEB plan investments	0	0	0
Changes of assumptions	79,295	31,351	110,646
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	10,496	52,731	63,227
Center contributions subsequent to the measurement date	8,688	0	8,688
Total Deferred Outflows of Resources	$103,867	$101,558	$205,425
Deferred Inflows of Resources			
Differences between expected and actual experience	$251,740	$89,926	$341,666
Net difference between projected and actual earnings on OPEB plan investments	10,983	136,050	147,033
Changes of assumptions	69,221	292,814	362,035
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	68,465	0	68,465
Total Deferred Inflows of Resources	$400,409	$518,790	$919,199

$8,688 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($73,824)	($117,325)	($191,149)
2024	(73,902)	(113,925)	(187,827)
2025	(67,997)	(111,818)	(179,815)
2026	(55,093)	(55,803)	(110,896)
2027	(27,485)	(18,890)	(46,375)
Thereafter	(6,929)	529	(6,400)
Total	($305,230)	($417,232)	($722,462)

Actuarial Assumptions - SERS

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

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Wages Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.50 percent, net of investment expenses, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption:		
Medicare	5.125 percent to 4.40 percent	5.25 percent to 4.75 percent
Pre-Medicare	6.75 percent to 4.40 percent	7.00 percent to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	(0.33)%
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	100.00%	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Center's proportionate share of the net OPEB liability	$626,321	$505,456	$408,900

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Center's proportionate share of the net OPEB liability	$389,159	$505,456	$660,792

<u>Actuarial Assumptions – STRS</u>

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate	5.00 percent initial, 4.00 percent ultimate
Medicare	-16.18 percent initial, 4.00 percent ultimate	-6.69 percent initial, 4.00 percent ultimate
Prescription Drug:		
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate	6.50 percent initial, 4.00 percent ultimate
Medicare	29.98 percent initial, 4.00 percent ultimate	11.87 percent initial, 4.00 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 are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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
Total	100.00 %	

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and 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 to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net OPEB asset	($414,184)	($490,829)	($554,855)

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	($552,260)	($490,829)	($414,864)

Note 8 – Long-Term Liabilities

The changes in the Center's long-term liabilities during fiscal year 2022 were as follows:

	Balance at 6/30/21	Increase	Decrease	Balance at 6/30/22	Due Within One Year
Compensated Absences	$360,749	$143,976	($168,575)	$336,150	$6,080
Net Pension Liability	7,242,771	0	(3,256,726)	3,986,045	0
Net OPEB Liability	570,694	0	(65,238)	505,456	0
Total	$8,174,214	$143,976	($3,490,539)	$4,827,651	$6,080

Compensated absences will be paid from the fund from which the employee is paid with the primary fund being the general fund. The Center pays obligations related to employee compensation from the fund benefitting from their service.

Note 9 – Risk Management

Property and Liability

The 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 2022, the Center contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for general property insurance. The coverage has no deductible with replacement cost coverage of $350,000,000.

Other types and amounts of coverage provided by SORSA are as follows:

General Liability – Occurrence Form:	
Bodily Injury and Property Damage	$15,000,000
Personal Injury/Advertising Liability	15,000,000
Products/Completed Operations	15,000,000
Employee Benefits Liability	15,000,000
Employers Stop Gap Liability	
Bodily Injury by Accident	15,000,000
Bodily Injury by Disease - Policy Limit	15,000,000
Bodily Injury by Disease - Each Employee	15,000,000
Aggregate Limit	15,000,000
General Annual Aggregate	17,000,000
Fire Damage Limit – Any One Event	500,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from the prior year.

Public officials' bond insurance is provided by The Travelers Casualty and Surety Company of America. The Treasurer is covered by a bond in the amount of $25,000. The Board President and Superintendent are covered by bonds in the amount of $20,000 each. Secretaries and fiscal staff are covered by bonds in the amount of $5,000 each.

Workers Compensation Rating Program

For fiscal year 2022, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. Sedgwick provides administrative, cost control, and actuarial services to the GRP.

Employee Benefits

Effective January 1, 2021, the Center began offering health care and dental benefits to employees through the Pickaway County Public Employee Benefits Program (PCPEBP), a public entity shared risk pool, currently operating as a common risk management and insurance program for its members. The PCPEBP was organized to provide health care and dental benefits to its members. The Center pays 80% of the health care and dental premiums for all full-time classified employees on the family and/or single plan. No benefits are offered to employees working part-time. Part-time is defined as less than 29 hours per week, identified using American Fidelity hours and eligibility tracking. The health care coverage is administered by United Healthcare, a third-party administrator. The stop-loss coverage is $150,000 per covered person with an aggregate of $2,000,000. Dental coverage is provided through Delta Dental.

The Center also provides vision insurance through VSP.

Note 10 – Interfund Transactions

Interfund Payables/Receivables

At June 30, 2022, the Center had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

	Receivables	Payables
Major Fund:		
General Fund	$18,985	$0
Nonmajor Funds:		
ARP Homeless Round 1		10,368
McKinney-Vento Homeless Assistant Program	0	8,617
Total	$18,985	$18,985

The general fund made advances to the ARP Homeless Round 1 and McKinney-Vento Homeless Assistant Program funds in anticipation of monies to be received by these funds.

Note 11 – Jointly Governed Organizations

Metropolitan Educational Technology Association (META) Solutions

META Solutions is an educational solutions partner providing services across Ohio. META Solutions provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The Center paid META Solutions $19,617 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

<u>Pickaway-Ross Career and Technology Center</u>

The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio. The Pickaway-Ross Career and Technology Center has an eleven-member board of education. The Center has three board members as representatives on the Pickaway-Ross Career and Technology Center Board. The Pickaway-Ross Career and Technology Center possesses its own budgeting and taxing authority. The Center has no ongoing financial interest in or financial responsibility to the Pickaway-Ross Career and Technology Center. To obtain financial information write to the Pickaway-Ross Career and Technology Center, 895 Crouse Chapel Road, Chillicothe, Ohio 45601-9010.

<u>Pickaway County Public Employer Benefits Program</u>

The Pickaway County Public Employer Benefits Program (PCPEBP) is a public entity shared risk pool organized to provide health care and dental insurance benefits to its member organizations. The Board of Directors exercises control over the operation of the PCPEBP. Each member school district is represented on the Board of Directors by their superintendent or superintendent designee. Teays Valley Local School District serves as fiscal agent for the PCPEBP. To obtain financial information, write Trey Fausnaugh, Treasurer, Teays Valley Local School District, 385 Circleville Avenue, Ashville, Ohio 43103.

Note 12 – State Funding

The Center, under State law, provides supervisory services to the local school districts within its territory. Each local and exempted village school district that entered into an agreement with the 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 Center's local and exempted village school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State Foundation Program settlements and remits the amount to the Center. The Center may provide additional supervisory services if the majority of the client school districts agree to the services and the apportionment of the costs to all of the client school districts.

For fiscal year 2022, the Center also receives funding from the State Department of Education using a new funding model which is based on 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. This amount is paid from State resources. The State Department of Education also deducts from the State Foundation Program settlement of each of the Center's local and client school districts an amount equal to $6.50 times the school district's total student count and remits this amount to the Center.

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

Note 13 - Contingencies

<u>Grants</u>

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. Management is unable to estimate possible claims from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2022.

Litigation

The Center is not party to legal proceedings.

Note 14 – Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Group Rating Program

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control, and actuarial services to the GRP.

Schools of Ohio Risk Sharing Authority

The Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool serving school districts in Ohio for their building insurance coverage. SORSA was formed as an Ohio non-profit corporation for the purpose of administering a joint self-insurance pool and assisting members to prevent and reduce losses and injuries to Center persons and property which might result in claims being made against members of SORSA. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automotive liability, certain property insurance, and educators' errors and omissions liability insurance.

Each member school district has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of SORSA are managed by an elected board of not more than nine directors. Only superintendents, treasurers, or business managers of member school districts are eligible to serve on the board. No school district may have more than one representative on the board at any time. Each member school district's control over the budgetary and financing of SORSA is limited to its voting authority and any representative it may have on the board of directors. Financial information can be obtained from SORSA at 655 Metro Place South, Suite 900, Dublin, Ohio 43017.

Note 15 – Fund Balances

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

	General	Special Program	Nonmajor Governmental	Total Governmental Funds
Restricted for				
Special Program	$0	$225,593	$0	$225,593
Bus Driver Safety	0	0	88,658	88,658
Total Restricted	0	225,593	88,658	314,251
Committed for				
Severance Benefits	75,002	0	0	75,002
Total Committed	75,002	0	0	75,002
Assigned to				
Purposes on Order	8,573	0	0	8,573
Total Assigned	8,573	0	0	8,573
Unrestricted (Deficit)	983,026	0	(8,972)	974,054
Total Fund Balances	$1,066,601	$225,593	$79,686	$1,371,880

Note 16 - Encumbrances

At June 30, 2022, the Center had encumbrance commitments in governmental funds as follows:

Major Funds:	
General	$12,280
Special Program	4,039
Nonmajor Funds:	
Bus Driver Safety	1,650
ARP Homeless Round 1	25,600
McKinney Vento Homeless Assistance	2,000
Total	$45,569

Note 17 – COVID-19

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

During fiscal year 2022, the Center reported Elementary and Secondary School Emergency Relief (ESSER) and Governor's Emergency Education Relief (GEER) funding in the amounts of $259,998 and $77,768, respectively. Of the amounts reported, none was sub-granted to other governments and organizations, returned to the granting agency, or spent on-behalf of other governments. The Center did not receive significant donated personal protective equipment as an on-behalf of grant from another government.

Note 18 – Accountability

At June 30, 2022, the Governor's Emergency Education Relief and Title I special revenue funds had deficit balances of $1,181 and $7,791, respectively. The general fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

Pickaway County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022
State Teachers Retirement System									
Center's proportion of the net pension liability	0.020338101%	0.020338101%	0.020455400%	0.019258400%	0.017320250%	0.019964420%	0.020847350%	0.022364180%	0.023279491%
Center's proportionate share of the net pension liability	$5,892,750	$4,946,930	$5,653,272	$6,446,367	$4,114,463	$4,389,728	$4,610,266	$5,411,336	$2,976,492
Center's covered-employee payroll	$2,171,623	$2,188,408	$2,254,964	$1,811,386	$2,036,193	$2,315,071	$2,468,657	$2,755,357	$2,905,750
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	271.35%	226.05%	250.70%	355.88%	202.1%	189.6%	186.8%	196.4%	102.4%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%
School Employees Retirement System									
Center's proportion of the net pension liability	0.033183993%	0.033183993%	0.029580000%	0.028921700%	0.028123800%	0.027687400%	0.028113900%	0.027689400%	0.027361300%
Center's proportionate share of the net pension liability	$1,973,346	$1,679,423	$1,687,880	$2,116,802	$1,680,335	$1,585,709	$1,682,104	$1,831,435	$1,009,553
Center's covered-employee payroll	$818,280	$964,459	$949,628	$898,200	$1,008,429	$844,711	$920,193	$953,443	$944,443
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	241.16%	174.13%	177.74%	235.67%	166.6%	187.7%	182.8%	192.1%	106.9%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	86.5%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See the accompanying notes to the required supplementary information.

Pickaway County Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability (Asset)
Last Six Fiscal Years

	2017	2018	2019	2020	2021	2022
State Teachers Retirement System						
Center's proportion of the net OPEB liability (asset)	0.019258400%	0.017320250%	0.019964420%	0.020847350%	0.022364180%	0.023279491%
Center's proportionate share of the net OPEB liability (asset)	$926,291	$675,772	($320,808)	($345,282)	($393,050)	($490,829)
Center's covered-employee payroll	$1,811,386	$2,036,193	$2,315,071	$2,468,657	$2,755,357	$2,905,750
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	51.1%	33.2%	-13.9%	-14.0%	-14.3%	-16.9%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%
School Employees Retirement System						
Center's proportion of the net OPEB liability	0.028921700%	0.028233600%	0.027062900%	0.027528300%	0.026259000%	0.026707200%
Center's proportionate share of the net OPEB liability	$804,762	$757,716	$750,798	$692,279	$570,694	$505,456
Center's covered-employee payroll	$898,200	$1,008,429	$844,711	$920,193	$953,443	$944,443
Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	89.6%	75.1%	88.9%	75.2%	59.9%	53.5%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Pickaway County Educational Service Center
Required Supplementary Information
Schedule of Center Contributions
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State Teachers Retirement System										
Contractually required contribution - pension	$282,311	$284,493	$315,695	$253,594	$285,067	$324,110	$345,612	$385,750	$406,805	$431,519
Contractually required contribution - OPEB	21,716	21,884	0	0	0	0	0	0	0	0
Contractually required contribution - total	304,027	306,377	315,695	253,594	285,067	324,110	345,612	385,750	406,805	431,519
Contributions in relation to the contractually required contribution	304,027	306,377	315,695	253,594	285,067	324,110	345,612	385,750	406,805	431,519
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Center's covered-employee payroll	$2,171,623	$2,188,408	$2,254,964	$1,811,386	$2,036,193	$2,315,071	$2,468,657	$2,755,357	$2,905,750	$3,082,279
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
School Employees Retirement System										
Contractually required contribution - pension	$113,250	$133,674	$125,161	$125,748	$141,180	$114,036	$124,226	$133,482	$132,222	$133,656
Contractually required contribution - OPEB (1)	1,309	1,350	7,787	0	0	4,224	4,601	0	0	0
Contractually required contribution - total	114,559	135,024	132,948	125,748	141,180	118,260	128,827	133,482	132,222	133,656
Contributions in relation to the contractually required contribution	114,559	135,024	132,948	125,748	141,180	118,260	128,827	133,482	132,222	133,656
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Center's covered-employee payroll	$818,280	$964,459	$949,628	$898,200	$1,008,429	$844,711	$920,193	$953,443	$944,443	$954,686
Contributions as a percentage of covered-employee payroll - pension	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See the accompanying notes to the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

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

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

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
    - Medical Medicare – 6 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
  - Medical Medicare – from 5.87 percent to -6.69 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – from 4.93 percent to 5 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – from 7.73 percent to 6.5 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare – from 9.62 percent to 11.87 initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percenter beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disable member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2020.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
    - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates,set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percenter to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:

    - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
    - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:

    - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
    - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

Pickaway County Educational Service Center
Schedule of Revenues, Expenditures and Change in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$243,412	$276,919	$276,919	$0
Interest	2,141	912	912	0
Program Services	4,856,783	4,982,348	4,982,348	0
Leases and Rent	12,000	11,110	11,110	0
Miscellaneous	1,500	5,545	5,545	0
Total Revenues	5,115,836	5,276,834	5,276,834	0
Expenditures				
Current				
Instruction				
Regular	286,879	404,667	391,816	12,851
Special	500,680	501,475	408,254	93,221
Student Intervention Services	0	35,581	33,971	1,610
Other	43,758	21,336	15,334	6,002
Support Services				
Pupils	3,091,922	3,238,452	3,024,103	214,349
Instructional Staff	323,975	294,455	266,201	28,254
Board of Education	60,088	68,075	56,604	11,471
Administration	1,398,346	409,644	402,368	7,276
Fiscal	252,931	257,474	237,908	19,566
Business	31,500	32,669	32,669	0
Operation and Maintenance of Plant	179,056	148,444	115,819	32,625
Pupil Transportation	69,685	70,617	54,270	16,347
Central	246,908	80,083	79,981	102
Capital Outlay	0	8,425	8,425	0
Total Expenditures	6,485,728	5,571,397	5,127,723	443,674
Excess of Revenues Over (Under) Expenditures	(1,369,892)	(294,563)	149,111	443,674
Other Financing Sources (Uses)				
Transfers In	78,575	67,350	67,350	0
Advances In	12,845	12,845	12,845	0
Transfers Out	(78,575)	(95,505)	(95,505)	0
Total Other Financing Sources (Uses)	12,845	(15,310)	(15,310)	0
Net Change in Fund Balances	(1,357,047)	(309,873)	133,801	443,674
Fund Balance Beginning of Year	1,342,130	1,342,130	1,342,130	0
Prior Year Encumbrances Appropriated	14,917	14,917	14,917	0
Fund Balance End of Year	$0	$1,047,174	$1,490,848	$443,674

See the accompanying notes to the supplementary information.

Pickaway County Educational Service Center
Schedule of Revenues, Expenditures and Change in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Special Program Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$270,556	$25,007	$2,499	($22,508)
Program Services	556,918	1,153,483	992,784	(160,699)
Gifts and Donations	311,576	15,000	15,000	0
Total Revenues	1,139,050	1,193,490	1,010,283	(183,207)
Expenditures				
Current				
Instruction				
Regular	318,735	365,124	263,835	101,289
Special	74,518	120,800	115,822	4,978
Other	57,828	0	0	0
Support Services				
Pupils	467,267	449,049	272,581	176,468
Administration	230,891	238,568	221,954	16,614
Fiscal	6,445	6,446	2,586	3,860
Operation and Maintenance of Plant	36,319	45,883	35,864	10,019
Central	1,394	1,394	0	1,394
Total Expenditures	1,193,397	1,227,264	912,642	314,622
Excess of Revenues Over (Under) Expenditures	(54,347)	(33,774)	97,641	131,415
Other Financing Sources (Uses)				
Transfers In	23,927	10,599	0	(10,599)
Transfers Out	(10,599)	0	0	0
Advances Out	(107,215)	(107,215)	0	107,215
Total Other Financing Sources (Uses)	(93,887)	(96,616)	0	96,616
Net Change in Fund Balances	(148,234)	(130,390)	97,641	228,031
Fund Balance Beginning of Year	109,925	109,925	109,925	0
Prior Year Encumbrances Appropriated	38,309	38,309	38,309	0
Fund Balance End of Year	$0	$17,844	$245,875	$228,031

See the accompanying notes to the supplementary information.

Note 1 – Budgetary Process

The Center is not required under State statute to file budgetary information with the Ohio Department of Education. However, the Center's Board does follow the budgetary process for control purposes.

The Center's Governing 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 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 Governing Board.

The Center's Board adopts an annual appropriation 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 Governing Board. The level of control has been established by the Governing 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 appropriation 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 Governing Board during the fiscal year.

Note 2 – Budgetary Basis of Accounting

While the 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 the accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The schedule of revenues, expenditures and changes in fund balance – budget (non-GAAP budgetary basis) and actual – for the general fund and each major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
5. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Workers Compensation and Termination Benefits Funds. These funds were excluded from the budgetary presentation for the General Fund.

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

Net Change in Fund Balance

	General	Special Program
GAAP Basis	$67,731	$137,655
Adjustments:		
Revenue Accruals	(19,564)	(580)
Expenditure Accruals	106,988	(35,395)
Transfers In	67,350	0
Transfers Out	(67,350)	0
Advances In	12,845	0
Encumbrances	(12,280)	(4,039)
Perspective Differences	(21,919)	0
Budget Basis	$133,801	$97,641

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CERTIFIED PUBLIC ACCOUNTANTS

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

Pickaway County Educational Service Center
Pickaway County
2050 Stoneridge Drive
Circleville, Ohio 43113

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway County Educational Service Center, Pickaway County, (the Center) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 28, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center.

Report on Internal Control Over Financial Reporting

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

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

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

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 28, 2022

OHIO AUDITOR OF STATE
KEITH FABER

PICKAWAY COUNTY EDUCATIONAL SERVICE CENTER

PICKAWAY 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 3/7/2023

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