



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PICKAWAY COUNTY EDUCATIONAL SERVICE CENTER
PICKAWAY COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2024



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

Board of Education
Pickaway County Educational Service Center
424 East Mound Street
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway County Educational Service Center, prepared by BHM CPA Group, Inc., for the audit period July 1, 2023 through June 30, 2024. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 27, 2025

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Pickaway County Educational Service Center

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INDEPENDENT AUDITOR'S REPORT

Pickaway County Educational Service Center
Pickaway County
2050 Stoneridge Drive
Circleville, Ohio 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, 2024, 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, 2024, 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.

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 and Actual – (Budgetary Basis) for the General, Special Program, and ESSER funds, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and is 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 and Actual – (Budgetary Basis) for General, Special Program, and ESSER funds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, 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
January 17, 2025

Pickaway County Educational Service Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

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, 2024. 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, 2024 by \$3,695,546.
- The Center's net position of governmental activities increased \$549,378.
- General revenues accounted for \$534,335 or 6 percent of total revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$7,876,164 or 94 percent of total revenues of \$8,410,499.
- The Center had \$7,861,121 in expenses related to governmental activities; all 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

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.

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

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, the special program fund, the capital project fund and the ESSER 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 2024 compared to 2023.

Table 1
Net Position
Governmental Position

	2024	2023
Assets:		
Current and Other Assets	\$4,583,026	\$3,147,623
Capital Assets, Net	916,121	384,642
Total Assets	5,499,147	3,532,265
 Deferred Outflows of Resources	 2,069,976	 2,248,800
 Liabilities:		
Current and Other Liabilities	930,510	697,111
Long-Term Liabilities	9,135,045	7,722,465
Total Liabilities	10,065,555	8,419,576
 Deferred Inflows of Resources	 1,199,114	 1,606,413

Pickaway County Educational Service Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Table 1
Net Position
Governmental Position
(Continued)

	<u>2024</u>	<u>2023</u>
Net Position:		
Net Investment in Capital Assets	\$411,832	\$384,642
Restricted	1,316,151	855,572
Unrestricted (Deficit)	<u>(5,423,529)</u>	<u>(5,485,138)</u>
Total Net Position	<u>(\$3,695,546)</u>	<u>(\$4,244,924)</u>

Current and other assets increased \$1,435,403 between years due primarily to an increase in cash and cash equivalents because of unspent proceeds of a loan that was issued during the fiscal year, as well as increases in intergovernmental receivables, due to an increase in the amount of grant funding earned but not yet received by year-end as compared to the prior year. Capital assets, net increased \$531,479 due to current year additions due primarily to construction in progress, which was partially offset by deletions and depreciation. Deferred outflows of resources decreased \$178,824 due to a decrease 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 \$233,399 between years due to an increase in contracts and retainage payable due to a construction project. Long-term liabilities increased \$1,412,580 due primarily to the issuance of a loan in the amount of \$1,285,000 and to an increase in the Center's proportionate share of the state-wide net OPEB liability. Deferred inflows of resources decreased \$407,299 due to a decrease 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, 2024 and 2023.

Table 2
Changes in Net Position
Governmental Activities

	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues:		
Charges for Services and Sales	\$6,756,216	\$6,234,681
Operating Grants and Contributions	<u>1,119,948</u>	<u>1,122,269</u>
Total Program Revenues	<u>7,876,164</u>	<u>7,356,950</u>
General Revenues:		
Grants and Entitlements not Restricted	357,882	319,207
Investment Earnings	106,156	20,485
Miscellaneous	<u>70,297</u>	<u>7,578</u>
Total General Revenues	<u>534,335</u>	<u>347,270</u>
Total Revenues	8,410,499	7,704,220

Pickaway County Educational Service Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Table 2
Changes in Net Position
Governmental Activities
(Continued)

	2024	2023
Program Expenses:		
Instruction		
Regular	\$538,435	\$555,182
Special	832,891	729,672
Student Intervention Services	0	646
Other	55,143	6,885
Support Services		
Pupils	3,989,632	3,843,624
Instructional Staff	453,125	409,306
Board of Education	167,524	190,052
Administration	622,815	905,655
Fiscal	309,579	321,703
Business	25,271	25,927
Operation and Maintenance of Plant	424,439	266,204
Pupil Transportation	11,751	2,240
Central	192,788	159,509
Operation of Non-Instructional Services	177,833	93,799
Debt Service:		
Issuance Costs	32,850	0
Interest	27,045	0
Total Expenses	<u>7,861,121</u>	<u>7,510,404</u>
Change in Net Position	549,378	193,816
Net Position at Beginning of Year	<u>(4,244,924)</u>	<u>(4,438,740)</u>
Net Position at End of Year	<u>(\$3,695,546)</u>	<u>(\$4,244,924)</u>

Charges for services and sales increased as a result of additional services provided to districts. Interest revenue increased \$85,671 between years as the Center invested interim funds in STAR Ohio during the year. Miscellaneous revenue increased \$62,719 due primarily to an increase in refunds received between years.

Expenses related to the state-wide net pension and OPEB liabilities decreased from the prior year. The current year pension/OPEB expense amounted to \$788,823 and the prior year expense amounted to \$863,328. This resulted in a net decrease in expenses of \$74,505. Overall expenses increased between years due to an increase in additional services provided to districts. The Center also saw additional expenses for maintenance related items at their new location.

Governmental Activities

Charges for services and sales comprised 80 percent of revenue for governmental activities and operating grants and contributions comprised 13 percent, while general revenue grants and entitlements comprised 4 percent of revenue for governmental activities of the Center for fiscal year 2024.

As indicated by governmental program expenses, support services are emphasized. Support services for pupils comprised 51 percent of governmental program expenses while support services for instructional staff comprised 6 percent and administration comprised 8 percent of governmental expenses. Regular and special instruction also accounted for 7 percent and 11 percent, respectively, of governmental expenses.

Pickaway County Educational Service Center

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

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

	2024	2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>
Instruction	\$1,426,469	(\$167,720)	\$1,292,385
Support Services	6,196,924	92,699	6,124,220
Non-Instructional Services	177,833	83	93,799
Issuance Costs	32,850	32,850	0
Interest	27,045	27,045	0
Total Expenses	<u>\$7,861,121</u>	<u>(\$15,043)</u>	<u>\$7,510,404</u>
			<u>\$153,454</u>

The Center's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$9,681,813 and expenditures and other financing uses of \$8,361,430.

The general fund had \$5,997,164 in revenues and other financing sources and \$5,678,219 in expenditures and other financing uses, resulting in an increase in fund balance of \$318,945. This increase was primarily due to an increase in contract service revenues received from member districts. Expenditures increased to provide for these additional contract services, but not at a rate consistent with the increase in revenue. The special program fund had \$1,044,639 in revenues and \$761,699 in expenditures and other financing uses, resulting in an increase in fund balance of \$282,940. This increase was primarily due to a significant decrease in expenditures. The capital project fund had \$1,285,000 in other financing sources due to the issuance of a loan, and \$504,289 in capital outlay and issuance costs expenditures, resulting in an increase in fund balance of \$780,711. The ESSER fund had \$741,356 in revenues and \$736,083 in expenditures, resulting in an increase in fund balance of \$5,273.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the Center had \$916,121 invested in its capital assets, net of accumulated depreciation. Table 4 shows the fiscal year 2024 balances compared to 2023.

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

	2024	2023
Land	\$85,277	\$66,900
Construction in Progress	318,301	0
Building	384,465	277,663
Furniture and Equipment	128,078	40,079
Totals	<u>\$916,121</u>	<u>\$384,642</u>

Pickaway County Educational Service Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Changes in capital assets from the prior year resulted from additions in furniture and equipment and construction in progress 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, 2024, the Center had a loan outstanding in the amount of \$1,285,000. 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, 2024

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$3,602,642
Accounts Receivable	269,466
Intergovernmental Receivable	219,783
Restricted Cash and Cash Equivalents	7,918
Noncurrent Assets:	
Net OPEB Asset	483,217
Non-Depreciable Capital Assets	403,578
Depreciable Capital Assets, Net	<u>512,543</u>
Total Assets	5,499,147
Deferred Outflows of Resources	
Pensions	1,758,376
OPEB	<u>311,600</u>
Total Deferred Outflows of Resources	2,069,976
Liabilities	
Current Liabilities:	
Accounts Payable	19,931
Accrued Wages and Benefits	602,803
Contracts Payable	171,266
Intergovernmental Payable	111,794
Accrued Interest Payable	4,806
Matured Compensated Absences Payable	11,992
Retainage Payable	7,918
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	82,923
Due in More Than One Year	1,492,868
Net Pension Liability	7,070,251
Net OPEB Liability	<u>489,003</u>
Total Liabilities	10,065,555
Deferred Inflows of Resources	
Pensions	385,265
OPEB	<u>813,849</u>
Total Deferred Inflows of Resources	1,199,114
Net Position	
Net Investment in Capital Assets	411,832
Restricted for Other Purposes	1,135,663
Restricted for Net OPEB Asset	180,488
Unrestricted (Deficit)	<u>(5,423,529)</u>
Total Net Position	<u>(\$3,695,546)</u>

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	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	\$538,435	\$445,327	\$159,922	\$66,814
Special	832,891	719,301	215,083	101,493
Other	55,143	1,219	53,337	(587)
Support Services				
Pupils	3,989,632	3,563,396	320,254	(105,982)
Instructional Staff	453,125	277,536	162,306	(13,283)
Board of Education	167,524	145,820	0	(21,704)
Administration	622,815	498,755	157,215	33,155
Fiscal	309,579	296,158	3,442	(9,979)
Business	25,271	24,612	0	(659)
Operation and Maintenance of Plant	424,439	393,313	1,998	(29,128)
Pupil Transportation	11,751	263	11,481	(7)
Central	192,788	235,843	11,833	54,888
Operation of Non-Instructional Services	177,833	154,673	23,077	(83)
Debt Service:				
Issuance Costs	32,850	0	0	(32,850)
Interest	27,045	0	0	(27,045)
Total Governmental Activities	\$7,861,121	\$6,756,216	\$1,119,948	15,043
General Revenues				
Grants and Entitlements not Restricted to Specific Programs				357,882
Investment Earnings				106,156
Miscellaneous				70,297
Total General Revenues				534,335
Change in Net Position				549,378
Net Position Beginning of Year				(4,244,924)
Net Position End of Year				(\$3,695,546)

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Program Fund	Capital Project Fund	ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,630,860	\$812,250	\$951,977	\$0	\$207,555	\$3,602,642
Accounts Receivable	95,214	160,212	0	0	14,040	269,466
Interfund Receivable	125,058	0	0	0	0	125,058
Intergovernmental Receivable	7,500	7,162	0	112,578	92,543	219,783
Restricted Cash and Cash Equivalents	0	0	7,918	0	0	7,918
Total Assets	\$1,858,632	\$979,624	\$959,895	\$112,578	\$314,138	\$4,224,867
Liabilities						
Accounts Payable	\$7,052	\$1,455	\$0	\$0	\$11,424	\$19,931
Accrued Wages and Benefits	493,220	44,462	0	43,868	21,253	602,803
Contracts Payable	0	0	171,266	0	0	171,266
Interfund Payable	0	0	0	61,211	63,847	125,058
Intergovernmental Payable	92,048	6,629	0	7,502	5,615	111,794
Matured Compensated Absences Payable	11,992	0	0		0	11,992
Retainage Payable	0	0	7,918	0	0	7,918
Total Liabilities	604,312	52,546	179,184	112,581	102,139	1,050,762
Deferred Inflows of Resources						
Unavailable Revenues-Grants	1,955	36,000	0	43,486	41,870	123,311
Total Deferred Inflows of Resources	1,955	36,000	0	43,486	41,870	123,311
Fund Balances						
Restricted	0	891,078	780,711	0	205,446	1,877,235
Committed	35,878	0	0	0	0	35,878
Assigned	686,249	0	0	0	0	686,249
Unassigned (Deficit)	530,238	0	0	(43,489)	(35,317)	451,432
Total Fund Balances	1,252,365	891,078	780,711	(43,489)	170,129	3,050,794
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$1,858,632	\$979,624	\$959,895	\$112,578	\$314,138	\$4,224,867

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, 2024

Total Governmental Fund Balances	\$3,050,794
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	916,121
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Other long-term assets are not available to pay for the current period's expenditures and therefore are deferred in the funds.	
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Grants	123,311
Total	<hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> 123,311

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	1,758,376
Deferred outflows-OPEB	311,600
Deferred inflows-pension	(385,265)
Deferred inflows-OPEB	(813,849)
Net pension liability	(7,070,251)
Net OPEB asset	483,217
Net OPEB liability	<hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (489,003)
Total	<hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (6,205,175)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, as interest expenditure is reported when due.	(4,806)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Loan payable	(1,285,000)
Compensated absences	(290,791)
Total	<hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (1,575,791)
Net Position of Governmental Activities	<hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (\$3,695,546)

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, 2024

	General Fund	Special Program Fund	Capital Project Fund	ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Intergovernmental	\$357,882	\$0	\$0	\$741,356	\$362,519	\$1,461,757
Interest	106,156	0	0	0	0	106,156
Program Services	5,420,613	1,044,639	0	0	228,896	6,694,148
Leases and Rent	19,002	0	0	0	0	19,002
Miscellaneous	68,853	0	0	0	0	68,853
Total Revenues	5,972,506	1,044,639	0	741,356	591,415	8,349,916
Expenditures						
Current						
Instruction						
Regular	212,823	155,351	0	0	159,922	528,096
Special	377,257	235,952	0	216,099	0	829,308
Other	1,172	51	0	0	53,337	54,560
Support Services						
Pupils	3,497,358	110,930	0	225,322	95,995	3,929,605
Instructional Staff	286,775	0	0	114,247	48,596	449,618
Board of Education	161,717	0	0	0	0	161,717
Administration	382,268	97,664	0	157,958	0	637,890
Fiscal	296,389	3,600	0	3,458	0	303,447
Business	25,271	0	0	0	0	25,271
Operation and Maintenance of Plant	254,764	95,233	0	0	37,441	387,438
Pupil Transportation	0	0	0	0	11,481	11,481
Central	403	0	0	11,889	178,324	190,616
Operation of Non-Instructional Services	141,987	10,750	0	7,110	16,000	175,847
Capital Outlay	17,796	27,510	471,439	0	57,805	574,550
Debt Service:						
Interest	0	0	0	0	22,239	22,239
Issuance Costs	0	0	32,850	0	0	32,850
Total Expenditures	5,655,980	737,041	504,289	736,083	681,140	8,314,533
Excess of Revenues Over (Under) Expenditures	316,526	307,598	(504,289)	5,273	(89,725)	35,383
Other Financing Sources (Uses)						
Transfers In	24,658	0	0	0	22,239	46,897
Loans Issued	0	0	1,285,000	0	0	1,285,000
Transfers Out	(22,239)	(24,658)	0	0	0	(46,897)
Total Other Financing Sources (Uses)	2,419	(24,658)	1,285,000	0	22,239	1,285,000
Net Change in Fund Balances	318,945	282,940	780,711	5,273	(67,486)	1,320,383
Fund Balances Beginning of Year	933,420	608,138	0	(48,762)	237,615	1,730,411
Fund Balances End of Year	\$1,252,365	\$891,078	\$780,711	(\$43,489)	\$170,129	\$3,050,794

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, 2024*

Net Change in Fund Balances - Total Governmental Funds	\$1,320,383
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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	574,550
Current year depreciation	(43,071)
Total	531,479

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	16,073
Program services	43,066
Miscellaneous	1,444
Total	60,583

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.

Loans issued	(1,285,000)
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Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

Pensions	674,808
OPEB	14,195
Total	689,003

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

Pensions	(844,498)
OPEB	55,675
Total	(788,823)

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.

Increase in accrued interest	(4,806)
Decrease in compensated absences	26,559
Total	21,753
Change in Net Position of Governmental Activities	<u><u>\$549,378</u></u>

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center

Statement of Fiduciary Net Position

June 30, 2024

	<u>Custodial Funds</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$431,818</u>
Total Assets	431,818
Net Position	
Restricted for Individuals, Organizations, and Other Governments	<u>431,818</u>
Total Net Position	<u>\$431,818</u>

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, 2024

	<u>Custodial Funds</u>
Additions	
Amounts Received as Fiscal Agent	<u>\$254,304</u>
Total Additions	<u>254,304</u>
Deductions	
Distributions as Fiscal Agent	<u>151,760</u>
Total Deductions	<u>151,760</u>
Change in Net Position	102,544
Net Position Beginning of Year	<u>329,274</u>
Net Position End of Year	<u><u>\$431,818</u></u>

See the accompanying notes to the basic financial statements.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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, 2024, the Center had no component units.

During fiscal year 2024, 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 SchoolComp 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.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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.

Capital Project Fund – The Capital Project fund is used to account for and report financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

ESSER Fund – The ESSER fund is a special revenue fund used to account for emergency relief grants to school districts related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

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 have 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.

Basis of Presentation

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.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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 include unavailable revenue, 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. Deferred inflows of resources related to pension and OPEB plans are reported on the government wide statement of net position and are further explained in notes 6 and 7. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 and Workforce 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.

During fiscal year 2024, the Center invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

and redemptions of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$106,156.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are considered to be cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. The Center had reported restricted assets as of June 30, 2024 due to amounts held for retainage due to contractors.

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

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

Interfund Balances

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.

Intergovernmental Revenues

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.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Interfund Transactions

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.

Compensated Absences

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.

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. Loans are recognized as a liability on the government-wide financial statements when due.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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 (gain), 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.

Pickaway County Educational Service Center

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For the Fiscal Year Ended June 30, 2024

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, 2024, the Center’s bank balance of \$1,649,113 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.

Investments – As of June 30, 2024, the Center had the following investments and maturities:

	Carrying/Fair Value	Weighted		
		Average Maturity (Years)	S&P Credit Rating	Percentage of Portfolio
STAR Ohio	\$2,700,502	<1 Year	AAAm	100.00%

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Center’s recurring fair value measurements as of June 30, 2024. As discussed further in note 2, STAR Ohio is reported at its share price.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Center manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center’s investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The Center limited its investments to STAR Ohio.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. The Center’s investment policy allows investments as authorized by State law.

Pickaway County Educational Service Center

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Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the Center's securities are held in the name of the Center.

Note 4 – Lease Receivable

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 remitted monthly lease installments of \$1,000 to the Center through September 2022 and remitted \$1,500 per month until its cancellation in May 2024. For fiscal year 2024, the Center reported lease revenue of \$15,502 and interest revenue of \$988 in the governmental funds.

Note 5 – Capital Assets

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

	Balance at 6/30/23	Additions	Deletions	Balance at 6/30/24
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated				
Land	\$66,900	\$18,377	\$0	\$85,277
Construction in Progress	0	318,301	0	318,301
Total Capital Assets Not Being Depreciated	66,900	336,678	0	403,578
Capital Assets Being Depreciated				
Land Improvements	19,330	0	(19,330)	0
Building	709,324	134,761	0	844,085
Furniture and Equipment	111,024	103,111	(37,130)	177,005
Total Capital Assets Being Depreciated	839,678	237,872	(56,460)	1,021,090
Less Accumulated Depreciation				
Land Improvements	(19,330)	0	19,330	0
Building	(431,661)	(27,959)	0	(459,620)
Furniture and Equipment	(70,945)	(15,112)	37,130	(48,927)
Total Accumulated Depreciation	(521,936)	(43,071)	56,460	(508,547)
Total Capital Assets Being Depreciated, Net	317,742	194,801)	0	512,543
Governmental Activities Capital Assets, Net	\$384,642	\$531,479	\$0	\$916,121

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$3,131
Support Services:		
Board of Education		5,059
Operation and Maintenance of Plant		<u>34,881</u>
Total Depreciation Expense		<u>\$43,071</u>

Note 6 – Defined Benefit Pension Plans

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

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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 obligation to sacrifice resources for pension/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the 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.

The Ohio Revised Code limits the Center's obligation for these liabilities 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 health care to eligible benefit recipients.

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

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

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Age and service requirements for retirement are as follows:

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

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

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

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

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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center’s contractually required contributions to SERS were \$144,127 for fiscal year 2024. Of this amount, \$0 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – Center licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a 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 upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The Center's contractually required contributions to STRS were \$530,681 for fiscal year 2024. Of this amount, \$90,910 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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	0.03112330%	0.024845800%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.02842160%</u>	<u>0.024673190%</u>	
Change in Proportionate Share	<u>0.00270170%</u>	<u>0.000172610%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,719,723	\$5,350,528	\$7,070,251
Pension Expense	\$207,684	\$636,814	\$844,498

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

	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and			
actual experience	\$73,919	\$195,072	\$268,991
Changes of assumptions	12,182	440,645	452,827
Changes in proportion and differences			
between Center contributions			
and proportionate share			
of contributions	108,474	253,276	361,750
Center contributions subsequent			
to the measurement date	<u>144,127</u>	<u>530,681</u>	<u>674,808</u>
Total Deferred Outflows of Resources	<u>\$338,702</u>	<u>\$1,419,674</u>	<u>\$1,758,376</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and			
actual experience	\$0	\$11,872	\$11,872
Changes of assumptions	0	331,679	331,679
Net difference between projected and			
actual earnings on pension plan investments	24,170	16,034	40,204
Changes in proportion and differences			
between Center contributions			
and proportionate share			
of contributions	0	1,510	1,510
Total Deferred Inflows of Resources	<u>\$24,170</u>	<u>\$361,095</u>	<u>\$385,265</u>

\$674,808 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (gain) as follows:

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For the Fiscal Year Ended June 30, 2024

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$62,914	\$109,723	\$172,637
2026	(29,727)	(84,312)	(114,039)
2027	135,934	531,315	667,249
2028	<u>1,284</u>	<u>(28,828)</u>	<u>(27,544)</u>
Total	\$170,405	\$527,898	\$698,303

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 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
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

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

Sensitivity of the 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	\$2,538,223	\$1,719,723	\$1,030,292

Actuarial Assumptions - STRS

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

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Inflation	2.50 percent
Projected Salary Increases	From 2.50 percent to 8.50 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

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

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

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

*Final target weights reflected at October 1, 2022.

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

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

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:

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	\$8,227,927	\$5,350,528	\$2,917,035

Note 7 – Defined Benefit OPEB Plans

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 health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Center's surcharge obligation was \$14,195.

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 for health care was \$14,195 for fiscal year 2024. Of this amount, \$14,195 was reported as an intergovernmental payable.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The 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 and OPEB expense (gain):

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.02968250%	0.024845800%	
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.02727710%	0.024673190%	
Change in Proportionate Share	<u>0.00240540%</u>	<u>0.000172610%</u>	
Proportionate Share of the Net OPEB Liability	\$489,003	\$0	\$489,003
Proportionate Share of the Net OPEB Asset	\$0	(\$483,217)	(\$483,217)
OPEB Expense (Gain)	(\$47,346)	(\$8,329)	(\$55,675)

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$1,019	\$752	\$1,771
Changes of assumptions	165,347	71,184	236,531
Net difference between projected and actual earnings on pension plan investments	3,788	861	4,649
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	35,685	18,769	54,454
Center contributions subsequent to the measurement date	14,195	0	14,195
Total Deferred Outflows of Resources	\$220,034	<b">\$91,566</b">	<b">\$311,600</b">
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$252,197	\$73,699	\$325,896
Changes of assumptions	138,886	318,818	457,704
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	28,471	1,778	30,249
Total Deferred Inflows of Resources	\$419,554	\$394,295	<b">\$813,849</b">

\$14,195 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 or increase in the net OPEB asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (gain) as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$83,791)	(\$124,945)	(\$208,736)
2026	(69,893)	(64,106)	(133,999)
2027	(39,707)	(24,660)	(64,367)
2028	(20,305)	(33,881)	(54,186)
2029	(13,135)	(31,123)	(44,258)
Thereafter	<u>13,116</u>	<u>(24,014)</u>	<u>(10,898)</u>
Total	<u>(\$213,715)</u>	<u>(\$302,729)</u>	<u>(\$516,444)</u>

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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, 2023, are presented below:

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

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

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

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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

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

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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Center's proportionate share of the net OPEB liability	\$625,086	\$489,003	\$381,696
	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	\$359,254	\$489,003	\$660,938

Actuarial Assumptions – STRS

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

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate	7.50 percent initial, 3.94 percent ultimate
Medicare	-10.94 percent initial, 4.14 percent ultimate	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug:		
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate	9.00 percent initial, 3.94 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate	-5.47 percent initial, 3.94 percent ultimate

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

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

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

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:

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

*Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate 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, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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

	Current		
	1% Decrease	Discount Rate	1% Increase
Center's proportionate share of the net OPEB asset	(6.00%)	(7.00%)	(8.00%)
 Center's proportionate share of the net OPEB asset	(\$408,980)	(\$483,217)	(\$547,869)
	Current		
	1% Decrease	Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	(\$550,869)	(\$483,217)	(\$401,730)

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 8 – Long-Term Liabilities

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

	Balance at 6/30/23	Increase	Decrease	Balance at 6/30/24	Due Within One Year
Compensated Absences	\$317,350	\$186,974	(\$213,533)	\$290,791	\$13,923
Net Pension Liability	7,022,142	48,109	0	7,070,251	0
Net OPEB Liability	382,973	106,030	0	489,003	0
Loan Payable	0	1,285,000	0	1,285,000	69,000
Total	\$7,722,465	\$1,626,113	(\$213,533)	\$9,135,045	\$82,923

The Center signed a loan agreement with Flagstar Public Funding Corp on January 19, 2024. The loan was in the amount of \$1,285,000 with an interest rate of 4.72%. The loan will mature on December 1, 2038. The purpose of the loan was to purchase and renovate the property located at 424 E. Mound Street, Circleville, Ohio. The loan will be repaid from the Center's Debt Service fund.

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.

The annual requirements to retire loans payable outstanding as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest
2025	\$69,000	\$59,024
2026	63,000	55,908
2027	66,000	52,864
2028	69,000	49,678
2029	73,000	46,327
2030-2034	419,000	175,418
2035-2039	526,000	64,334
Total	\$1,285,000	\$503,553

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 2024, 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.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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
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 2024, the Center participated in the Ohio SchoolComp 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

The Center offers 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 and certified employees on the family and/or single plan- we have 4 tiers- single, employee spouse, employee/children, and family. 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 for Affordable Care Act Reporting. 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 and is also offered in 4 tiers single, employee spouse, employee/children, and family

The Center also provides vision insurance through VSP and life and accidental death and dismemberment to all of its full time employees through Grady Benefits.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 10 – Interfund Transactions

Interfund Payables/Receivables

At June 30, 2024, the Center had short-term interfund loans which are classified as “interfund receivables/payables.” An analysis of interfund balances is as follows:

	Receivables	Payables
<i>Major Funds:</i>		
General Fund	\$125,058	\$0
ESSER Fund	0	61,211
<i>Nonmajor Funds:</i>		
Driver Education Grant	0	9,997
21 st Century Grant	0	39,439
McKinney-Vento Homeless Assistant Program	0	14,411
Total Nonmajor Funds	<hr/> 0	<hr/> 63,847
Total	<hr/> \$125,058	<hr/> \$125,058

The general fund made advances to the ESSER, Driver Education, 21st Century, and McKinney-Vento Homeless Assistant Program funds in anticipation of monies to be received by these funds.

Transfers

During fiscal year 2024, the general fund made transfers to the debt service fund in the amount of \$22,239. This transfer was used to move unrestricted revenue collected in the general fund to finance the programs accounted for these funds in accordance with budgetary authorizations. The Special Program fund transferred money to close out an individual program balance to the general fund in the amount of \$24,658.

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 \$41,663 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.

Pickaway-Ross Career and Technology Center

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

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

financial information write to the Pickaway-Ross Career and Technology Center, 895 Crouse Chapel Road, Chillicothe, Ohio 45601-9010.

Pickaway County Public Employer Benefits Program

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

The Center received funding from the Ohio Department of Education and Workforce using a funding model which is based on student count. This amount is paid from State resources. The Department of Education and Workforce 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

Grants

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. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2024, if applicable, cannot be determined at this time.

Litigation

The Center is not party to legal proceedings.

School Foundation

Center Foundation is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 have not been finalized. Management believes additional adjustments may result in either a receivable or payable to the Center.

Pickaway County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 14 – Insurance Purchasing Pools

Ohio SchoolComp Workers' Compensation Group Rating Program

The Center participates in the Ohio SchoolComp 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:

Pickaway County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

	General	Special Program	Capital Project	ESSER	Nonmajor Governmental	Total Governmental Funds
<i>Restricted for</i>						
Special Program	\$0	\$891,078	\$0	0	\$0	\$891,078
Capital Project	0	0	780,711	0	0	780,711
Bus Driver Safety	0	0	0	0	205,446	205,446
<i>Total Restricted</i>	<i>0</i>	<i>891,078</i>	<i>780,711</i>	<i>0</i>	<i>205,446</i>	<i>1,877,235</i>
<i>Committed for</i>						
Severance Benefits	35,878	0	0	0	0	35,878
<i>Total Committed</i>	<i>35,878</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>35,878</i>
<i>Assigned to</i>						
FY25 Excess Appropriations	676,657	0	0	0	0	676,657
Purchases on Order	9,592	0	0	0	0	9,592
<i>Total Assigned</i>	<i>686,249</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>686,249</i>
<i>Unrestricted (Deficit)</i>	<i>530,238</i>	<i>0</i>	<i>0</i>	<i>(43,489)</i>	<i>(35,317)</i>	<i>451,432</i>
Total Fund Balances	\$1,252,365	\$891,078	\$780,711	(\$43,489)	\$170,129	\$3,050,794

Note 16 - Encumbrances

At June 30, 2024, the Center had encumbrance commitments in governmental funds as follows:

<i>Major Funds:</i>	
General	\$12,510
Special Program	12,851
ESSER Program	61,643
Capital Project	138,627

<i>Nonmajor Funds:</i>	
Bus Driver Safety	1,500
21 st Century Grant	10,968
McKinney Vento Homeless Assistance	7,788
<i>Total</i>	<u><i>\$245,887</i></u>

Note 17 – Accountability

At June 30, 2024, the ESSER, Code Driver Education Grant, 21st Century Grant, and McKinney Vento Homeless Assistance special revenue funds had deficit balances of \$43,489, \$6,617, \$16,566, and \$12,134, respectively. The general fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

Note 18 – Subsequent Event

In August 2024, the Center finalized the sale of the property located at 2050 Stoneridge Drive, Circleville Ohio. The selling price was in the amount of \$900,000.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>										
Center's proportion of the net pension liability	0.020338101%	0.020455400%	0.019258400%	0.017320250%	0.019964420%	0.020847350%	0.022364180%	0.023279491%	0.024673190%	0.024845800%
Center's proportionate share of the net pension liability	\$4,946,930	\$5,653,272	\$6,446,367	\$4,114,463	\$4,389,728	\$4,610,266	\$5,411,336	\$2,976,492	\$5,484,881	\$5,350,528
Center's covered payroll	\$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	\$3,255,207
Center's proportionate share of the net pension liability as a percentage of its covered payroll	226.05%	250.70%	355.88%	202.1%	189.6%	186.8%	196.4%	102.4%	177.9%	164.4%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%
<i>School Employees Retirement System</i>										
Center's proportion of the net pension liability	0.033183993%	0.029580000%	0.028921700%	0.028123800%	0.027687400%	0.028113900%	0.027689400%	0.027361300%	0.028421600%	0.031123300%
Center's proportionate share of the net pension liability	\$1,679,423	\$1,687,880	\$2,116,802	\$1,680,335	\$1,585,709	\$1,682,104	\$1,831,435	\$1,009,553	\$1,537,261	\$1,719,723
Center's covered payroll	\$964,459	\$949,628	\$898,200	\$1,008,429	\$844,711	\$920,193	\$953,443	\$944,443	\$954,686	\$1,123,893
Center's proportionate share of the net pension liability as a percentage of its covered payroll	174.13%	177.74%	235.67%	166.6%	187.7%	182.8%	192.1%	106.9%	161.0%	153.0%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	86.5%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%	76.1%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.

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

	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>								
Center's proportion of the net OPEB liability (asset)	0.019258400%	0.017320250%	0.019964420%	0.020847350%	0.022364180%	0.023279491%	0.024673190%	0.024845800%
Center's proportionate share of the net OPEB liability (asset)	\$926,291	\$675,772	(\$320,808)	(\$345,282)	(\$393,050)	(\$490,829)	(\$638,871)	(\$483,217)
Center's covered payroll	\$1,811,386	\$2,036,193	\$2,315,071	\$2,468,657	\$2,755,357	\$2,905,750	\$3,082,279	\$3,255,207
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	51.1%	33.2%	-13.9%	-14.0%	-14.3%	-16.9%	-20.7%	-14.8%
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%	230.7%	168.5%
<i>School Employees Retirement System</i>								
Center's proportion of the net OPEB liability	0.028921700%	0.028233600%	0.027062900%	0.027528300%	0.026259000%	0.026707200%	0.027277100%	0.029682500%
Center's proportionate share of the net OPEB liability	\$804,762	\$757,716	\$750,798	\$692,279	\$570,694	\$505,456	\$382,973	\$489,003
Center's covered payroll	\$898,200	\$1,008,429	\$844,711	\$920,193	\$953,443	\$944,443	\$954,686	\$1,123,893
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.6%	75.1%	88.9%	75.2%	59.9%	53.5%	40.1%	43.5%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%	30.0%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.

Information not available prior to 2017.

Pickaway County Educational Service Center

Required Supplementary Information

Schedule of Center Contributions

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$315,695	\$253,594	\$285,067	\$324,110	\$345,612	\$385,750	\$406,805	\$431,519	\$455,729	\$530,681
Contractually required contribution - OPEB	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	315,695	253,594	285,067	324,110	345,612	385,750	406,805	431,519	455,729	530,681
Contributions in relation to the contractually required contribution	315,695	253,594	285,067	324,110	345,612	385,750	406,805	431,519	455,729	530,681
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Center's covered payroll	\$2,254,964	\$1,811,386	\$2,036,193	\$2,315,071	\$2,468,657	\$2,755,357	\$2,905,750	\$3,082,279	\$3,255,207	\$3,790,579
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$125,161	\$125,748	\$141,180	\$114,036	\$124,226	\$133,482	\$132,222	\$133,656	\$157,345	\$144,127
Contractually required contribution - OPEB (1)	7,787	0	0	4,224	4,601	0	0	0	0	0
Contractually required contribution - total	132,948	125,748	141,180	118,260	128,827	133,482	132,222	133,656	157,345	144,127
Contributions in relation to the contractually required contribution	132,948	125,748	141,180	118,260	128,827	133,482	132,222	133,656	157,345	144,127
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Center's covered payroll	\$949,628	\$898,200	\$1,008,429	\$844,711	\$920,193	\$953,443	\$944,443	\$954,686	\$1,123,893	\$1,029,479
Contributions as a percentage of covered payroll - pension	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered 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.

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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 2024.

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 2.5 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 from 3.5 percent to 3.0 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.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.
- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

There were no changes in assumptions for fiscal year 2024.

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.

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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.

For fiscal year 2022, 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.

There were no changes to benefit terms for fiscal years 2023 and 2024.

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.

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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 – 5 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – 8 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 5 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 8 percent to 7.73 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 4.93 percent to -6.69 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, 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 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
 - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, 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 Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

For fiscal year 2024, 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 Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Medical Medicare – from -68.78 percent initial, 3.94 percent ultimate to -10.94 percent initial, 4.14 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.00 percent initial, 3.94 percent ultimate to -11.95 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from -5.47 percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 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 percent 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.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

There were no changes to benefit terms for fiscal year 2024.

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 percent to 3.0 percent

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- 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 setback 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 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
 - 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.

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

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
 - 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 was updated to the following:
 - 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.

There were no changes in assumptions for fiscal years 2023 and 2024.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2024.

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 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- 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 setback for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

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 percent 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.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.

Pickaway County Educational Service Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- The medical trend assumption rate changed as follows:
 - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
 - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
 - 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 was updated to the following:
 - 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.

For fiscal year 2023, 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 increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

For fiscal year 2024, 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 increased from 3.69 percent to 3.86 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.08 percent to 4.27 percent.
- The medical trend assumption decreased from 7.00 percent to 6.75 percent.

Pickaway County Educational Service Center
Schedule of Revenues, Expenditures and Change in
Fund Balance - Budget and Actual - (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$359,779	\$357,882	\$357,882	\$0
Interest	21,236	103,918	105,158	1,240
Program Services	5,195,862	5,099,643	5,392,681	293,038
Leases and Rent	58,609	24,500	24,500	0
Miscellaneous	6,098	10,201	11,080	879
Total Revenues	5,641,584	5,596,144	5,891,301	295,157
Expenditures				
Current				
Instruction				
Regular	241,352	212,512	212,215	297
Special	416,988	374,922	374,289	633
Student Intervention Services	711	0	0	0
Other	1,176	347	347	0
Support Services				
Pupils	3,340,108	3,416,607	3,412,237	4,370
Instructional Staff	332,547	291,444	289,846	1,598
Board of Education	108,342	174,413	173,475	938
Administration	529,016	994,302	393,357	600,945
Fiscal	287,675	296,065	295,175	890
Business	33,114	24,824	24,824	0
Operation and Maintenance of Plant	234,155	255,473	254,818	655
Pupil Transportation	7,015	0	0	0
Central	87,885	61,088	61,088	0
Operation of Non-Instructional Services	74,619	132,939	132,939	0
Capital Outlay	0	17,796	17,796	0
Total Expenditures	5,694,703	6,252,732	5,642,406	610,326
Excess of Revenues Over (Under) Expenditures	(53,119)	(656,588)	248,895	905,483
Other Financing Sources (Uses)				
Transfers In	268,785	69,558	69,558	0
Transfers Out	(240,323)	(87,139)	(87,139)	0
Total Other Financing Sources (Uses)	28,462	(17,581)	(17,581)	0
Net Change in Fund Balances	(24,657)	(674,169)	231,314	905,483
Fund Balance Beginning of Year	1,352,083	1,352,083	1,352,083	0
Prior Year Encumbrances Appropriated	21,579	21,579	21,579	0
Fund Balance End of Year	\$1,349,005	\$699,493	\$1,604,976	\$905,483

See the accompanying notes to the supplementary information.

Pickaway County Educational Service Center
Schedule of Revenues, Expenditures and Change in
Fund Balance - Budget and Actual - (Budgetary Basis)
Special Program Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$44,458	\$131,198	\$107,534	(\$23,664)
Program Services	700,468	1,026,343	735,770	(290,573)
Gifts and Donations	27,924	94,540	94,311	(229)
Miscellaneous	0	15,750	15,750	0
Total Revenues	772,850	1,267,831	953,365	(314,466)
Expenditures				
Current				
Instruction				
Regular	197,175	156,035	154,900	1,135
Special	181,347	230,545	228,450	2,095
Other	0	4,064	51	4,013
Support Services				
Pupils	472	116,571	111,561	5,010
Administration	7,419	97,664	97,664	0
Fiscal	0	3,600	3,600	0
Operation and Maintenance of Plant	20,323	109,061	108,081	980
Operation of Non-Instructional Services	0	10,750	10,750	0
Capital Outlay	0	27,510	27,510	0
Total Expenditures	406,736	755,800	742,567	13,233
Excess of Revenues Over Expenditures	366,114	512,031	210,798	(301,233)
Other Financing Uses				
Transfers Out	0	(24,658)	(24,658)	0
Refund of Prior Year Receipts	(20,790)	0	0	0
Total Other Financing Uses	(20,790)	(24,658)	(24,658)	0
Net Change in Fund Balances	345,324	487,373	186,140	(301,233)
Fund Balance Beginning of Year	582,422	582,422	582,422	0
Prior Year Encumbrances Appropriated	30,837	30,837	30,837	0
Fund Balance End of Year	\$958,583	\$1,100,632	\$799,399	(\$301,233)

See the accompanying notes to the supplementary information.

Pickaway County Educational Service Center
Schedule of Revenues, Expenditures and Change in
Fund Balance - Budget and Actual - (Budgetary Basis)
ESSER Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$812,395	\$934,044	\$752,825	(\$181,219)
Total Revenues	812,395	934,044	752,825	(181,219)
Expenditures				
Current				
Instruction				
Special	142,834	231,705	214,862	16,843
Other	3,064	0	0	0
Support Services				
Pupils	87,805	249,830	226,499	23,331
Instructional Staff	88,785	117,687	115,324	2,363
Administration	156,319	173,820	157,792	16,028
Fiscal	94,910	65,101	65,101	0
Central	17,613	11,889	11,889	0
Operation of Non-Instructional Services	2,263	7,110	7,110	0
Total Expenditures	593,593	857,142	798,577	58,565
Net Change in Fund Balances	218,802	76,902	(45,752)	(122,654)
Fund Balance Beginning of Year	(158,764)	(158,764)	(158,764)	0
Prior Year Encumbrances Appropriated	81,662	81,662	81,662	0
Fund Balance End of Year	\$141,700	(\$200)	(\$122,854)	(\$122,654)

See the accompanying notes to the supplementary information.

Pickaway County Educational Service Center

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

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 and actual – (budgetary basis) 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).
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 each major special revenue fund.

Pickaway County Educational Service Center

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balance

	General	Special Program	ESSER
GAAP Basis	\$318,945	\$282,940	\$5,273
Adjustments:			
Revenue Accruals	23,503	(91,274)	11,469
Expenditure Accruals	(45,348)	7,325	(851)
Encumbrances	(12,510)	(12,851)	(61,643)
Perspective Differences	(53,276)	0	0
Budget Basis	<u>\$231,314</u>	<u>\$186,140</u>	<u>(\$45,752)</u>

**PICKAWAY COUNTY EDUCATIONAL SERVICE CENTER
PICKAWAY COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> <i>Program / Cluster Title</i>	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY		N/A		
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	93,248
Total U.S. Department of Treasury			-	93,248
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Education for Homeless Children and Youth	84.196	N/A	-	126,368
21st Century Grant	84.287	N/A	-	173,492
Education Stabilization Fund:				
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	N/A	-	733,472
American Rescue Plan-Homeless Children and Youth	84.425W	N/A		3,458
Total Education Stabilization Fund				736,930
Total U.S. Department of Education			-	1,036,790
Total Expenditures of Federal Awards	\$	-		\$1,130,038

The accompanying notes are an integral part of this schedule.

**PICKAWAY COUNTY EDUCATIONAL SERVICE CENTER
PICKAWAY COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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



**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, 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, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 17, 2025.

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 purpose 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.

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.
Portsmouth, Ohio
January 17, 2025



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

The Center's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of the major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Pickaway County Educational Service Center

Pickaway County

Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.

Portsmouth, Ohio

January 17, 2025

Pickaway County Educational Service Center

Pickaway County

Schedule of Findings

2 CFR § 200.515

June 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund (AL #84.425U, 84.425W)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

Pickaway County Educational Service Center

Pickaway County

Schedule of Findings

2 CFR § 200.515

June 30, 2024

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

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

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 6/10/2025

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

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