OHIO AUDITOR OF STATE
KEITH FABER

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY
JUNE 30, 2021

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COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Columbiana County Educational Service Center
Columbiana County
38720 Saltwell Road
Lisbon, Ohio 44432

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Columbiana County Educational Service Center, Columbiana County, Ohio (the Center), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Center, as of June 30, 2021, and the respective changes in its financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. Additionally, as discussed in Note 3 to the financial statements, during 2021, the Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Fiscal Distress

The Center has suffered recurring losses from operations in prior years and has a fund balance deficit of $484,097 in the General Fund as of June 30, 2021. Based solely on inquiries and scanning of unaudited fund cash balances as of April 26, 2022, the Center may require additional revenue or cost-cutting measures to continue paying its obligations when due. The notes to the financial statements do not disclose this matter; however this does not affect our opinion on these financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2022

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The management's discussion and analysis of the Columbiana County Educational Service Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Center's financial performance; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- Net position of governmental activities decreased $537,763, which represents a 3.92% decrease from 2020's restated net position.

- General revenues accounted for $704,649 in revenue or 6.23% of total revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for $10,607,891 in revenue or 93.77% of total revenues of $11,312,540.

- The Center had $11,850,303 in expenses related to governmental activities; $10,607,891 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily unrestricted grants and entitlements) of $704,649 were not adequate to provide for these programs.

- The Center's only major governmental fund is the general fund. The general fund had $9,640,062 in revenues and $9,551,548 in expenditures. During fiscal year 2021, the general fund's fund balance increased $88,514 from a restated deficit fund balance of $572,611 to a deficit fund balance of $484,097.

Using the Basic Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those 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 what remains 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. In the case of the Center, the general fund is by far the most significant fund, and the only governmental fund reported as major fund.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did the Center do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's net position and change in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's only major governmental fund is the general 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Reporting the Center's Fiduciary Responsibilities

The Center acts as fiscal agent for the Columbiana County Family and Children First Council. This activity is reported in a custodial fund. The fiduciary 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 to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center's net pension and net OPEB liability/asset.

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The following table provides a summary of the Center's net position for fiscal years 2021 and 2020. Net position for fiscal year 2020 has been restated as described in Note 3 in the notes to the basic financial statements.

Net Position

	Governmental Activities 2021	Restated Governmental Activities 2020
Assets		
Current and other assets	$ 2,183,874	$ 1,971,429
Net OPEB asset	594,170	563,167
Capital assets, net	907,271	1,021,041
Total assets	3,685,315	3,555,637
Deferred outflows of resources		
Pension	2,572,931	2,401,979
OPEB	915,124	580,251
Total deferred outflows of resources	3,488,055	2,982,230
Liabilities		
Current liabilities	2,530,634	2,195,192
Long-term liabilities:		
Due within one year	138,553	150,781
Due in more than one year:		
Net pension liability	13,728,732	12,137,197
Net OPEB liability	1,895,324	1,986,372
Other amounts	427,563	461,752
Total liabilities	18,720,806	16,931,294
Deferred inflows of resources		
Pension	727,426	1,668,671
OPEB	1,989,763	1,664,764
Total deferred inflows of resources	2,717,189	3,333,435
Net Position		
Net investment in capital assets	803,677	870,527
Restricted	49,360	78,406
Unrestricted (deficit)	(15,117,662)	(14,675,795)
Total net position (deficit)	$ (14,264,625)	$ (13,726,862)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the Center's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

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

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

In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the Center's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $14,264,625.

At fiscal year end, capital assets represented 24.62% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The net investment in capital assets at June 30, 2021 was $803,677. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, $49,360, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $15,117,662. The deficit balance of unrestricted net position was the result of reporting the net pension and net OPEB liability required by GASB Statement No. 68 and GASB Statement No. 75.

The following table shows the change in net position for fiscal year 2021 and 2020. Due to practicality, the 2020 revenues and expenses in the table have not been adjusted to reflect the implementation of GASB Statement No. 84 (see Note 3). Rather, the cumulative impact of applying the Statement is reflected in the beginning net position for 2020.

Change in Net Position

	Governmental Activities 2021	Governmental Activities 2020
Revenues		
Program revenues:		
Charges for services and sales	$ 8,820,080	$ 9,092,727
Operating grants and contributions	1,787,811	1,331,215
General revenues:		
Grants and entitlements	362,857	344,442
Investment earnings	1,666	10,072
Miscellaneous	340,126	4,006
Total revenues	11,312,540	10,782,462
Expenses		
Program expenses:		
Instruction:		
Regular	1,728,009	1,516,793
Special	3,381,931	3,421,662
Support services:		
Pupil	2,965,989	2,668,470
Instructional staff	1,645,466	1,167,229
Board of education	52,324	49,110
Administration	811,646	830,192
Fiscal	314,811	331,386
Operations and maintenance	234,360	194,694
Pupil transportation	397,753	409,281
Central	84,610	49,399
Operation of non-instructional services:		
Other non-instructional services	227,586	175,958
Extracurricular activities	1,835	-
Interest and fiscal charges	3,983	5,611
Total expenses	11,850,303	10,819,785
Change in net position	(537,763)	(37,323)
Net position (deficit) at beginning of year (restated)	(13,726,862)	(13,689,539)
Net position (deficit) at end of year	$ (14,264,625)	$ (13,726,862)

Governmental Activities

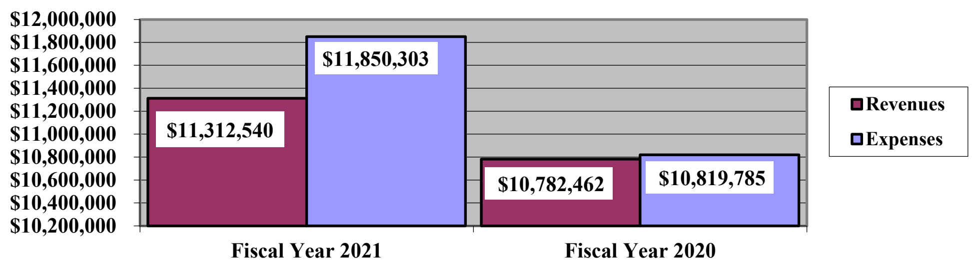
Net position of the Center's governmental activities decreased $537,763. Total governmental expenses of $11,850,303 were offset by program revenues of $10,607,891 and general revenues of $704,649. Program revenues supported 89.52% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from charges for services and sales. This revenue source represents 77.97% of the total governmental revenues.

The largest expense of the Center is for support services. Support services totaled $6,506,959 or 54.91% of the total governmental expenses for fiscal year 2021.

The graph below presents the Center's governmental activities revenues and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements and other general revenues of the Center.

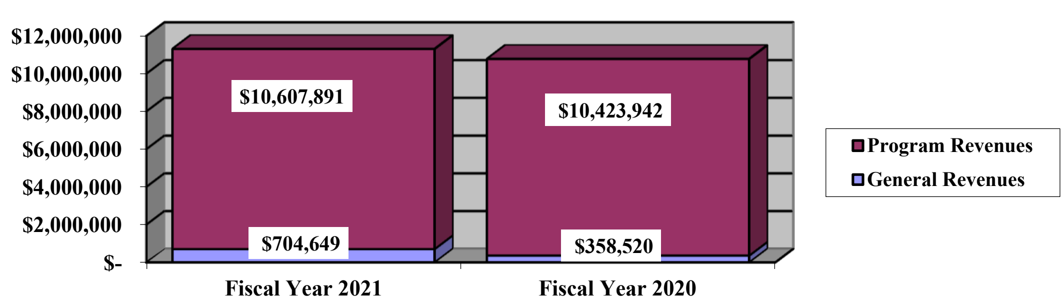
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses				
Instruction:				
Regular	$ 1,728,009	$ 210,496	$ 1,516,793	$ 60,921
Special	3,381,931	338,682	3,421,662	98,025
Support services:				
Pupil	2,965,989	366,274	2,668,470	65,757
Instructional staff	1,645,466	89,015	1,167,229	3,629
Board of education	52,324	23,309	49,110	22,093
Administration	811,646	75,991	830,192	39,839
Fiscal	314,811	25,114	331,386	7,661
Operations and maintenance	234,360	37,386	194,694	23,930
Pupil transportation	397,753	75,589	409,281	50,557
Central	84,610	3,226	49,399	347
Operation of non-instructional services:				
Other non-instructional services	227,586	(6,236)	175,958	17,473
Extracurricular activities	1,835	(417)	-	-
Interest and fiscal charges	3,983	3,983	5,611	5,611
Total expenses	$ 11,850,303	$ 1,242,412	$ 10,819,785	$ 395,843

For all governmental activities, program revenue support is 89.52% at June 30, 2021 and 96.34% at June 30, 2020. The Center's charges for services and sales are by far the primary support for the Center's students.

The graph below presents the Center's governmental activities revenues for fiscal years 2021 and 2020.

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance deficit of $512,482, which is less than last year's total restated deficit fund balance of $536,740. The table below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	(Deficit) Fund Balance June 30, 2021	Restated (Deficit) Fund Balance June 30, 2020	Change	Percentage Change
General	$ (484,097)	$ (572,611)	$ 88,514	15.46 %
Nonmajor governmental	(28,385)	35,871	(64,256)	(179.13) %
Total	$ (512,482)	$ (536,740)	$ 24,258	4.52 %

General Fund

The Center's general fund balance increased $88,514.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2021 Amount	2020 Amount	Change	Percentage Change
Revenues				
Intergovernmental	$ 357,071	$ 344,442	$ 12,629	3.67 %
Tuition	7,082,207	7,414,272	(332,065)	(4.48) %
Earnings on investments	1,666	10,072	(8,406)	(83.46) %
Charges for services	1,858,264	1,445,073	413,191	28.59 %
Other revenues	340,854	8,738	332,116	3,800.82 %
Total	$ 9,640,062	$ 9,222,597	$ 417,465	4.53 %
Expenditures				
Instruction	$ 3,834,076	$ 3,966,641	$ (132,565)	(3.34) %
Support services	5,621,620	5,054,560	567,060	11.22 %
Non-instructional services	44,949	60,192	(15,243)	(25.32) %
Debt service	50,903	50,904	(1)	(0.00) %
Total	$ 9,551,548	$ 9,132,297	$ 419,251	4.59 %

The overall revenues of the general fund increased $417,465 or 4.53%. The primary reason for this increase was due to several dividends from the Ohio Bureau of Workers' Compensation.

The overall expenditures of the general fund increased $419,251 or 4.59%. Instruction and support service expenditures increased $434,495. This increase is primarily due to fluctuations in personnel costs.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, the Center had $907,271 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2021 balances compared to June 30, 2020.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	$ 101,900	$ 101,900
Land improvements	590	2,004
Buildings and improvements	548,946	619,548
Furniture and equipment	76,771	90,251
Vehicles	179,064	207,338
Total	$ 907,271	$ 1,021,041

The overall decrease in capital assets of $113,770 is due to depreciation expense.

See Note 8 to the basic financial statements for additional information on the Center's capital assets.

Debt Administration

The following table summarizes the debt obligations outstanding at June 30, 2021 and June 30, 2020.

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
Capital lease obligations	$ 16,050	$ 34,449
Promissory note	87,544	116,065
Total	$ 103,594	$ 150,514

See Notes 9 and 10 to the basic financial statements for additional information on the Center's debt administration.

Current Financial Related Activities

The Center relies heavily upon contracts with the Board of Developmental Disabilities; local, city, and exempted school districts within Columbiana, Jefferson and Mahoning Counties; and State foundation revenue and grants. The request for services from local, city, and exempted school districts, along with the Center's cash balance, provided the Center with the necessary funds to meet its operating expenses in fiscal year 2021. However, the future financial stability of the Center is not without concerns.

The current trend in recent biennium budgets produced by the Ohio Governor is to reduce funding to educational service centers. The COVID 19 has affected funding to educational entities, the funding for 2021 for ESCs was not affected by the cuts made to education due to COVID-19. There are not any guarantees that this will hold true in future years.

The possibility of declining enrollment in Columbiana County remains a concern of the Center. State funding is based on average daily membership of Columbiana County school districts. Future declines in enrollment would have a direct impact on State revenues received by Columbiana County school districts and the amount of services they will need from the Center.

Each fiscal year, different services are needed by participating school districts. Therefore, the Center is constantly reviewing their program activity to provide appropriate services while maintaining a financially solvent operation.

The Center's systems of internal control and procedures are reviewed throughout the fiscal year by management to ensure a cost-efficient operation.

Columbiana County ESC applied and was approved to be a high performing ESC. This was to continue at the same level of funding in 2021, the legislators had to prorate the increase to stay within the ESC funding line item.

Contacting the Center's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Cindy Lengyel, Treasurer, Columbiana County Educational Service Center, 38720 Saltwell Road, Lisbon, Ohio 44432-8303.

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	1,534,603
Receivables:		
Accounts		480
Intergovernmental		628,765
Prepayments		20,026
Net OPEB asset		594,170
Capital assets:		
Nondepreciable capital assets		101,900
Depreciable capital assets, net		805,371
Capital assets, net		907,271
Total assets		3,685,315
Deferred outflows of resources:		
Pension		2,572,931
OPEB		915,124
Total deferred outflows of resources		3,488,055
Liabilities:		
Accounts payable		43,749
Accrued wages and benefits payable		2,329,440
Intergovernmental payable		16,867
Pension and postemployment benefits payable		140,578
Long-term liabilities:		
Due within one year		138,553
Due in more than one year:		
Net pension liability		13,728,732
Net OPEB liability		1,895,324
Other amounts due in more than one year		427,563
Total liabilities		18,720,806
Deferred inflows of resources:		
Pension		727,426
OPEB		1,989,763
Total deferred inflows of resources		2,717,189
Net position:		
Net investment in capital assets		803,677
Restricted for:		
State funded programs		9,556
Federally funded programs		13,139
Extracurricular		15,830
Other purposes		10,835
Unrestricted (deficit)		(15,117,662)
Total net position (deficit)	$	(14,264,625)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 1,728,009	$ 1,214,296	$ 303,217	$ (210,496)
Special	3,381,931	2,271,024	772,225	(338,682)
Support services:				
Pupil	2,965,989	2,559,526	40,189	(366,274)
Instructional staff	1,645,466	1,110,557	445,894	(89,015)
Board of education	52,324	29,015	-	(23,309)
Administration	811,646	661,512	74,143	(75,991)
Fiscal	314,811	289,697	-	(25,114)
Operations and maintenance	234,360	192,237	4,737	(37,386)
Pupil transportation	397,753	311,769	10,395	(75,589)
Central	84,610	81,384	-	(3,226)
Operation of non-instructional services:				
Other non-instructional services	227,586	96,811	137,011	6,236
Extracurricular activities	1,835	2,252	-	417
Interest and fiscal charges	3,983	-	-	(3,983)
Totals	$ 11,850,303	$ 8,820,080	$ 1,787,811	(1,242,412)

General revenues:	
Grants and entitlements not restricted to specific programs	362,857
Investment earnings	1,666
Miscellaneous	340,126
Total general revenues	704,649
Change in net position	(537,763)
Net position (deficit) at beginning of year (restated)	(13,726,862)
Net position (deficit) at end of year	$ (14,264,625)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and cash equivalents	$ 1,495,327	$ 39,276	$ 1,534,603
Receivables:			
Accounts	480	-	480
Intergovernmental	331,607	297,158	628,765
Prepayments	19,068	958	20,026
Due from other funds	155,069	-	155,069
Total assets	$ 2,001,551	$ 337,392	$ 2,338,943
Liabilities:			
Accounts payable	$ 24,959	$ 18,790	$ 43,749
Accrued wages and benefits payable	2,205,101	124,339	2,329,440
Compensated absences payable	8,431	-	8,431
Intergovernmental payable	15,066	1,801	16,867
Pension and postemployment benefits payable	121,869	18,709	140,578
Due to other funds	-	155,069	155,069
Total liabilities	2,375,426	318,708	2,694,134
Deferred inflows of resources:			
Intergovernmental revenue not available	5,786	47,069	52,855
Tuition revenue not available	92,855	-	92,855
Charges for services revenue not available	11,581	-	11,581
Total deferred inflows of resources	110,222	47,069	157,291
Fund balances:			
Nonspendable:			
Prepaids	19,068	958	20,026
Restricted:			
State funded programs	-	7,407	7,407
Federally funded programs	-	2,193	2,193
Extracurricular	-	15,830	15,830
Other purposes	-	10,835	10,835
Assigned:			
Student and staff support	38,735	-	38,735
Other purposes	6,438	-	6,438
Unassigned (deficit)	(548,338)	(65,608)	(613,946)
Total fund balances (deficit)	(484,097)	(28,385)	(512,482)
Total liabilities, deferred inflows and fund balances	$ 2,001,551	$ 337,392	$ 2,338,943

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		$ (512,482)
Amounts reported for governmental activities on 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.		907,271
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Tuition receivable	$ 92,855	
Charges for services receivable	11,581	
Intergovernmental receivable	52,855	
Total		157,291
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	2,572,931	
Deferred inflows - pension	(727,426)	
Net pension liability	(13,728,732)	
Deferred outflows - OPEB	915,124	
Deferred inflows - OPEB	(1,989,763)	
Net OPEB asset	594,170	
Net OPEB liability	(1,895,324)	
Total		(14,259,020)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligations	(16,050)	
Compensated absences	(454,091)	
Promissory note	(87,544)	
Total		(557,685)
Net position of governmental activities		$ (14,264,625)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Intergovernmental	$ 357,071	$ 1,762,619	$ 2,119,690
Investment earnings	1,666	-	1,666
Tuition	7,082,207	-	7,082,207
Extracurricular	-	58,009	58,009
Charges for services	1,858,264	-	1,858,264
Contributions and donations	947	665	1,612
Miscellaneous	339,907	-	339,907
Total revenues	9,640,062	1,821,293	11,461,355
Expenditures:			
Current:			
Instruction:			
Regular	1,368,143	310,192	1,678,335
Special	2,465,933	802,402	3,268,335
Support services:			
Pupil	2,796,530	61,735	2,858,265
Instructional staff	1,151,595	451,551	1,603,146
Board of education	29,391	-	29,391
Administration	708,829	72,240	781,069
Fiscal	306,498	-	306,498
Operations and maintenance	201,890	4,737	206,627
Pupil transportation	344,447	10,137	354,584
Central	82,440	-	82,440
Operation of non-instructional services:			
Other non-instructional services	44,949	170,720	215,669
Extracurricular activities	-	1,835	1,835
Debt service:			
Principal retirement	46,920	-	46,920
Interest and fiscal charges	3,983	-	3,983
Total expenditures	9,551,548	1,885,549	11,437,097
Net change in fund balances	88,514	(64,256)	24,258
Fund balances (deficit) at beginning of year (restated)	(572,611)	35,871	(536,740)
Fund balances (deficit) at end of year	$ (484,097)	$ (28,385)	$ (512,482)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

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, 2021

Net change in fund balances - total governmental funds		$ 24,258
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Current year depreciation		(113,770)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tuition	$ (89,620)	
Charges for services	(89,508)	
Intergovernmental	30,313	
Total		(148,815)
Repayment of note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		46,920
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	991,835	
OPEB	50,865	
Total		1,042,700
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,471,173)	
OPEB	81,060	
Total		(1,390,113)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		1,057
Change in net position of governmental activities		$ (537,763)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

		Custodial
Assets:		
Equity in pooled cash		
and cash equivalents	$	74,581
Due from other governments		49,524
Prepayments		243
Total assets		124,348
Liabilities:		
Accounts payable		330
Accrued wages and benefits		28,760
Due to other governments		38,497
Pension obligation payable		867
Total liabilities		68,454
Net position:		
Restricted for Family and Children First Council		55,894
Total net position	$	55,894

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Custodial
Additions:	
Amounts received as fiscal agent	$ 534,005
Total additions	534,005
Deductions:	
Distributions as fiscal agent	599,122
Total deductions	599,122
Change in net position	(65,117)
Net position at beginning of year (restated)	121,011
Net position at end of year	$ 55,894

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Columbiana 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 operates under a locally elected five-member Governing Board form of government and provides educational services as mandated by State and/or federal agencies. The Board controls the Center's support facilities staffed by 174 non-certified employees and 93 certified teaching personnel who provide services to approximately 8,700 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Center's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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, preschool, and student related activities of the Center.

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; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

The following organizations are described due to their relationship to the Center:

JOINTLY GOVERNED ORGANIZATION

Area Cooperative Computerized Educational Service System (ACCESS)
ACCESS is a jointly governed organization among 26 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these member districts supports ACCESS based upon a per-pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of Superintendents of the member districts. The degree of control exercised by any member district is limited to its representation on the Board of Directors. In accordance with GASB Statement No. 14, the Center does not have any equity interest in ACCESS. Financial information can be obtained by contacting the Treasurer at 493 Bev Road, Unit 1, Boardman, Ohio 44512.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PUBLIC ENTITY RISK POOLS

Risk Sharing Pool
The Stark County Schools Council of Governments Health Benefits Plan is a shared risk pool created pursuant to State statute for the purpose of administering healthcare benefits. This consortium is governed by an Assembly, which consists of one representative from each participating school district (usually the Superintendent or designee). The Assembly elects officers for one-year terms to serve on the Board of Directors. The Assembly exercises control over the operation of this consortium. All of the consortium's revenues are generated from charges for services.

Workers' Compensation Group Rating Plan
The Center participates in a group rating plan (GRP) for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. 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 participating school districts in the GRP. Each year, the participating school districts pay an enrollment fee to Sheakley Uniservice, Inc. to cover the costs of administering the GRP.

B. Fund Accounting

The Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following is the Center's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the Center are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector. The Center has no proprietary funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center's custodial fund accounts for the Columbiana County Family and Children First Council, of which the Center is fiscal agent.

C. Basis of Presentation and Measurement Focus

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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Center are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The custodial fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 fiscal 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.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, see Notes 12 and 13 for deferred outflows of resources related to the Center's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes, but is not limited to intergovernmental grants, tuition revenue not available and contract services revenue not available. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Center, see Notes 12 and 13 for deferred inflows of resources related to the Center's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

Although not legally required, the Center adopts its budget for all funds. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In fiscal year 2004, the Center's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the Center was discretionary, the Center continued to have its Board approve appropriations and estimated resources. 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 and function level for all funds. The Center has elected not to present a budgetary schedule as supplementary information for the general fund.

F. Cash and Investments

To improve cash management, cash received by the Center is pooled in a central bank account. 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 basic financial statements.

During fiscal year 2021, the Center invested in 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 fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Governing Board, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2021 amounted to $1,666, which includes $28 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Center's cash and investments at fiscal year-end is provided in Note 4.

G. Pass-Through Grants

The Center is the primary recipient of grants that are passed-through to or spent on-behalf of the local school districts within Columbiana County. When the Center has a financial or administrative role in the grants, the grants are reported as intergovernmental revenues and intergovernmental expenditures in a special revenue fund. Grants for which the Center has no financial or administrative role and are passed-through to the local school districts in Columbiana County are reported in a custodial fund. There were no pass-through grants during fiscal year 2021.

H. Capital Assets

General capital assets are those related to governmental activities. These assets generally 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 in the fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of $1,000. 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. The Center does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are from the general fund to cover negative cash balances in other governmental are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the termination method. 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 total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

L. 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 legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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’s Governing Board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Center’s Governing 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 nor 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’s Governing Board, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Center applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for special trusts and other local grants.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

O. Estimates

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

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures 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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenses/expenditures to the funds that initially paid for them are not presented on the basic financial statements. The Center did not record any transfers during fiscal year 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Governing Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

S. Fair Value

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the Center has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

For fiscal year 2021, the Center has implemented GASB Statement No. 84, "*Fiduciary Activities.*"

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Position and Fund Balances

The Center has also reclassified the internal service fund to part of the general fund to better reflect the activity of the fund. The implementation of GASB Statement No. 84 and the reclassification of the internal service fund had the following effect on fund balance as reported at June 30, 2020:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	$ (579,049)	$ 20,458	$ (558,591)
Reclassification of internal service fund	6,438	-	6,438
GASB Statement No. 84	-	15,413	15,413
Restated Fund Balance, at June 30, 2020	$ (572,611)	$ 35,871	$ (536,740)

The implementation of GASB Statement No. 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
Net position as previously reported	$ (13,742,275)
GASB Statement No. 84	15,413
Restated net position at June 30, 2020	$ (13,726,862)

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of $121,011. Also, related to the implementation of GASB Statement No. 84, the Center will no longer be reporting agency funds. At June 30, 2020, agency funds reported assets and liabilities of $152,061.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

Nonmajor funds	Deficit
Public school preschool	$ 9,643
ESSER	49
Title VI-B	14,169
IDEA handicapped preschool	8,873
Miscellaneous federal grants	31,916

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - 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 Governing Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the fair 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 that the term of the agreement must not exceed thirty days;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 subdivision 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 items (1) and (2) above 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, the State Treasury Asset Reserve of Ohio (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.

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.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the Center had $500 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all Center deposits was $189,830 and the bank balance of all Center deposits was $58,689. Of the bank balance, all $58,689 was covered by the FDIC.

C. Investments

As of June 30, 2021, the Center had the following investment and maturity:

Measurement/Investment type	Measurement Value	Investment Maturity 6 Months or Less
Amortized cost:		
STAR Ohio	$ 1,418,854	$ 1,418,854

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, 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 specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2021:

Measurement/Investment type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	$ 1,418,854	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

Cash and investments per note	
Cash on hand	$ 500
Carrying amount of deposits	189,830
Investments	1,418,854
Total	$ 1,609,184
Cash and investments per statement of net position	
Governmental activities	$ 1,534,603
Custodial fund	74,581
Total	$ 1,609,184

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2021 as reported on the fund statements, consist of the following amounts due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	$ 155,069

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2021 are reported on the statement of net position.

NOTE 6 - STATE FUNDING

State Per-Pupil Funding - This funding materializes in the form of a per-pupil amount applied to the student count extracted from the latest Report Card. For the purposes of this funding, the law distinguishes the 'High Performing' ESCs pursuant to Rule 3301-105-01 of the Administrative Code from the other ESCs and applies two per-pupil amounts to their state funding based on that distinction. High Performing ESCs are granted a per-pupil amount of $26.00 while other ESCs' state funding is based on the per-pupil amount of $24.00.

The law provides for $40,000,000 in fiscal year 2021 to be set aside from the Foundation Funding (line item 200-550) for this purpose. As the appropriation for this funding is set and the funding is based on a constant per-pupil amount, it is often necessary and authorized by law for the fund distribution to be prorated in order to stay within the appropriations. Obviously as the data changes during the course of a fiscal year, so does the proration rate to maintain the appropriated levels.

Local Per-Pupil Funding - ORC Section 3313.843(H) provides that pursuant to provisions of ORC Section 3317.023 the Ohio Department of Education annually shall deduct from each school district that enters into an agreement with an ESC under this section, a per-pupil amount of $6.50 or an alternative amount in excess of $6.50 if agreed upon by both the ESC and the client districts to be paid to the ESC. The per-pupil amount is multiplied by the school age students count of the client district as reported on the latest Report Card.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Accounts	$ 480
Intergovernmental	628,765
Total	$ 629,245

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

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

Governmental activities:	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	$ 101,900	$ -	$ -	$ 101,900
Total capital assets, not being depreciated	101,900	-	-	101,900
Capital assets, being depreciated:				
Land improvements	98,421	-	-	98,421
Buildings and improvements	1,449,237	-	-	1,449,237
Furniture and equipment	718,117	-	-	718,117
Vehicles	559,086	-	-	559,086
Total capital assets, being depreciated	2,824,861	-	-	2,824,861
Less: accumulated depreciation:				
Land improvements	(96,417)	(1,414)	-	(97,831)
Buildings and improvements	(829,689)	(70,602)	-	(900,291)
Furniture and equipment	(627,866)	(13,480)	-	(641,346)
Vehicles	(351,748)	(28,274)	-	(380,022)
Total accumulated depreciation	(1,905,720)	(113,770)	-	(2,019,490)
Total capital assets, net	$ 1,021,041	$ (113,770)	$ -	$ 907,271

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 4,630
Special	15,829
Support services:	
Instructional staff	4,426
Board of education	22,933
Administration	705
Operations and maintenance	26,000
Pupil transportation	37,077
Central	2,170
Total depreciation expense	$113,770

NOTE 9 - LONG-TERM OBLIGATIONS

During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding July 1, 2020	Additions	Reductions	Balance Outstanding June 30, 2021	Amounts Due in One Year
Governmental activities:					
Promissory note under direct borrowing	$ 116,065	$ -	$ (28,521)	$ 87,544	$ 29,271
Capital lease obligations	34,449	-	(18,399)	16,050	16,050
Net OPEB liability	1,986,372	-	(91,048)	1,895,324	-
Net pension liability	12,137,197	1,591,535	-	13,728,732	-
Compensated absences	462,019	104,364	(103,861)	462,522	93,232
Total long-term obligations, governmental activities	$ 14,736,102	$ 1,695,899	$ (241,829)	$ 16,190,172	$ 138,553

Capital Lease Obligations - The Center entered into capitalized lease obligations for copiers. The capital lease obligations were paid from the general fund. See Note 10 for details.

Net Pension Liability - See Note 12 for detail on the net pension liability. The Center pays obligations related to employee compensation from the fund benefitting from their service, which is primarily the general fund.

Net OPEB Liability/Asset - See Note 13 for detail on the net OPEB liability/asset. The Center pays obligations related to employee compensation from the fund benefitting from their service, which is primarily the general fund.

Compensated Absences - Compensated absences will be paid from the fund which the employees' salaries are paid which, for the Center, is primarily the general fund.

Promissory Note **-** During fiscal year 2019, the Center entered into a secured promissory note with William and Ramona Rosenberg for property. The $146,454 promissory note is to be paid in sixty equal monthly installments of $2,600 at an interest rate of 2.60%. The payments began on March 1, 2019 and are scheduled to end on February 2, 2024. Principal and interest payments in fiscal year 2021 totaled $28,521 and $2,679, respectively, paid by the general fund. The payments are reflected as debt service expenditures in the fund financial statements for the governmental funds.

The secured promissory note is considered a direct borrowing. Direct borrowings have terms negotiated directly between the Center and the lender and are not offered for public sale. The promissory note is secured by the assets of the Center under the security agreement. The agreement has no significant finance-related terms related to events to defaults, termination events or accelerated clauses.

At June 30, 2021, capital assets acquired by the promissory note have been capitalized under buildings and improvements in the amount of $146,454. Accumulated depreciation as of June 30, 2021 was $73,227, leaving a current book value of $73,227.

NOTE 9 - LONG-TERM OBLIGATIONS - Continued)

The following is a debt service schedule for the promissory note:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	$ 29,271	$ 1,929	$ 31,200
2023	30,041	1,159	31,200
2024	28,232	368	28,600
Total	$ 87,544	$ 3,456	$ 91,000

NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE

During fiscal year 2018, the Center entered into a capitalized lease for copier equipment. This lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of $87,301. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 for this equipment was $43,650, leaving a current book value of $43,651. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2021 totaled $18,399 and $1,304, respectively, paid by the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

Fiscal Year Ending June 30,	Amount
2022	$ 16,420
Total minimum lease payments	16,420
Less: amount representing interest	(370)
Total	$ 16,050

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

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 2021, the Center contracted with The Hollaway Insurance Company for property insurance, fleet insurance, and general liability insurance.

Professional liability is protected by Liberty Mutual with a $2,000,000 annual aggregate/$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Liberty Mutual and hold a $1,000 deductible for comprehensive and a $1,000 deductible for collision. Automobile liability has a $1,000,000 combined single limit of liability for property damage and bodily injury, and $5,000 medical payment coverage per person. There is also an umbrella policy over the liability and vehicle coverage of $2,000,000 per policy. Settled claims have not exceeded this coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior fiscal year.

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Employee Health Benefits

The Center has contracted with the Stark County Schools Council of Governments (a shared risk pool) (See Note 2) to provide employee health benefits. Rates are set through an annual calculation process. The Center pays a monthly contribution that is placed in a common fund from which claims payments are made for all participants. The Center's Governing Board pays a portion of the monthly premium.

Claims are paid for all participants regardless of claims flow. Upon termination, all Center claims would be paid without regard to the Center's account balance. The directors have the right to hold monies for an exiting participant subsequent to the settlement of all expenses and claims.

Postemployment healthcare is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13.

C. Workers' Compensation

The Center participates in a workers' compensation group rating plan (GRP). 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. Participants in the GRP are placed in tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sheakley Uniservice, Inc. provides administrative cost control and actuarial services for the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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 contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Center non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The Center's contractually required contribution to SERS was $377,221 for fiscal year 2021. Of this amount, $20,194 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 (CO) 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. 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. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The Center was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $614,614 for fiscal year 2021. Of this amount, $70,521 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the projected 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 prior measurement date	0.07717800%	0.03400274%	
Proportion of the net pension liability current measurement date	0.08388720%	0.03380768%	
Change in proportionate share	0.00670920%	-0.00019506%	
Proportionate share of the net pension liability	$ 5,548,476	$ 8,180,256	$ 13,728,732
Pension expense	$ 851,052	$ 620,121	$ 1,471,173

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 10,779	$ 18,354	$ 29,133
Net difference between projected and actual earnings on pension plan investments	352,217	397,808	750,025
Changes of assumptions	-	439,121	439,121
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	353,199	9,618	362,817
Contributions subsequent to the measurement date	377,221	614,614	991,835
Total deferred outflows of resources	$ 1,093,416	$ 1,479,515	$ 2,572,931

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 52,307	$ 52,307
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	675,119	675,119
Total deferred inflows of resources	$ -	$ 727,426	$ 727,426

$991,835 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 fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 262,313	$ (158,328)	$ 103,985
2023	196,799	(87,785)	109,014
2024	146,810	215,554	362,364
2025	110,273	168,034	278,307
Total	$ 716,195	$ 137,475	$ 853,670

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	$ 7,600,735	$ 5,548,476	$ 3,826,592

Actuarial Assumptions - STRS

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

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

STRS Ohio's 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 Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	$ 11,647,260	$ 8,180,256	$ 5,242,258

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Center's surcharge obligation was $50,865.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $50,865 for fiscal year 2021. Of this amount, $50,865 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, 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, 2020, and the total OPEB liability/asset 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:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.07898760%	0.03400274%	
Proportion of the net OPEB liability/asset current measurement date	0.08720840%	0.03380768%	
Change in proportionate share	0.00822080%	-0.00019506%	
Proportionate share of the net OPEB liability	$ 1,895,324	$ -	$ 1,895,324
Proportionate share of the net OPEB asset	$ -	$ (594,170)	$ (594,170)
OPEB expense	$ 13,602	$ (94,662)	$ (81,060)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 24,893	$ 38,070	$ 62,963
Net difference between projected and actual earnings on OPEB plan investments	21,356	20,823	42,179
Changes of assumptions	323,087	9,807	332,894
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	425,295	928	426,223
Contributions subsequent to the measurement date	50,865	-	50,865
Total deferred outflows of resources	$ 845,496	$ 69,628	$ 915,124

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 963,905	$ 118,351	$ 1,082,256
Changes of assumptions	47,738	564,361	612,099
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	84,193	211,215	295,408
Total deferred inflows of resources	$ 1,095,836	$ 893,927	$ 1,989,763

$50,865 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/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (67,189)	$ (212,766)	$ (279,955)
2023	(65,645)	(198,672)	(264,317)
2024	(65,893)	(193,733)	(259,626)
2025	(49,275)	(163,405)	(212,680)
2026	(36,669)	(26,967)	(63,636)
Thereafter	(16,534)	(28,756)	(45,290)
Total	$ (301,205)	$ (824,299)	$ (1,125,504)

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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 2,319,829	$ 1,895,324	$ 1,557,843

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 1,492,423	$ 1,895,324	$ 2,434,105

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 516,966	$ 594,170	$ 659,674

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 655,608	$ 594,170	$ 519,329

NOTE 14 - CONTINGENCIES

A. Grants

The Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center.

B. Litigation

The Center is not party to legal proceedings which, in the opinion of Center management, will have a material effect, if any, on the financial condition of the Center.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) 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 ODE adjustments for fiscal year 2021 are finalized. The final adjustment was not material and is not reflected in the accompanying financial statements.

NOTE 15 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation leave and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, administrators, and supervisors earn five to twenty days of vacation leave per year depending upon length of service. Accumulated unused vacation leave is not paid upon termination of employment. Teachers do not earn vacation leave. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 260 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of fifty days.

B. Medical, Dental, Vision and Prescription Drug Insurance

The Center maintains a health and welfare plan that provides medical, dental, vision and prescription drug insurance card benefits.

C. Life Insurance

The Center provides life insurance and accidental death and dismemberment insurance to most employees.

NOTE 16 - COMMITMENTS

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

Fund	Year End Encumbrances
General fund	$ 161,112
Nonmajor governmental funds	185,368
Total	$ 346,480

NOTE 17 - COVID-19

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

NOTE 18 - SUBSEQUENT EVENT

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

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	2021	**2020**	**2019**	**2018**
Center's proportion of the net pension liability	0.08388720%	0.07717800%	0.06697530%	0.07138940%
Center's proportionate share of the net pension liability	$ 5,548,476	$ 4,617,695	$ 3,835,799	$ 4,265,359
Center's covered payroll	$ 2,952,093	$ 2,656,681	$ 2,213,970	$ 2,336,029
Center's proportionate share of the net pension liability as a percentage of its covered payroll	187.95%	173.81%	173.25%	182.59%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.08082100%	0.08459240%	0.09456600%	0.09456600%
$ 5,915,351	$ 4,826,924	$ 4,785,931	$ 5,623,537
$ 2,502,279	$ 2,546,669	$ 2,747,900	$ 2,738,873
236.40%	189.54%	174.17%	205.32%
62.98%	69.16%	71.70%	65.52%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
Center's proportion of the net pension liability	0.03380768%	0.03400274%	0.03380948%	0.03924562%
Center's proportionate share of the net pension liability	$ 8,180,256	$ 7,519,502	$ 7,433,946	$ 9,322,881
Center's covered payroll	$ 4,052,143	$ 3,985,514	$ 3,785,836	$ 4,297,914
Center's proportionate share of the net pension liability as a percentage of its covered payroll	201.87%	188.67%	196.36%	216.92%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014	
	0.04281439%		0.04254472%		0.04034249%		0.04034249%
$	14,331,267	$	11,758,116	$	9,812,690	$	11,688,812
$	4,481,650	$	4,438,829	$	4,121,885	$	4,435,546
	319.78%		264.89%		238.06%		263.53%
	66.80%		72.10%		74.70%		69.30%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 377,221	$ 413,293	$ 358,652	$ 298,886
Contributions in relation to the contractually required contribution	(377,221)	(413,293)	(358,652)	(298,886)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 2,694,436	$ 2,952,093	$ 2,656,681	$ 2,213,970
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	327,044	$	350,319	$	335,651	$	380,859	$	379,060	$	343,783
	(327,044)		(350,319)		(335,651)		(380,859)		(379,060)		(343,783)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,336,029	$	2,502,279	$	2,546,669	$	2,747,900	$	2,738,873	$	2,556,007
	14.00%		14.00%		13.18%		13.86%		13.84%		13.45%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 614,614	$ 567,300	$ 557,972	$ 530,017
Contributions in relation to the contractually required contribution	(614,614)	(567,300)	(557,972)	(530,017)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 4,390,100	$ 4,052,143	$ 3,985,514	$ 3,785,836
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	601,708	$	627,431	$	621,436	$	535,845	$	576,621	$	537,277
	(601,708)		(627,431)		(621,436)		(535,845)		(576,621)		(537,277)
$	-	$	-	$	-	$	-	$	-	$	-
$	4,297,914	$	4,481,650	$	4,438,829	$	4,121,885	$	4,435,546	$	4,132,900
	14.00%		14.00%		14.00%		13.00%		13.00%		13.00%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
Center's proportion of the net OPEB liability	0.08720840%	0.07898760%	0.06774280%	0.07240240%
Center's proportionate share of the net OPEB liability	$ 1,895,324	$ 1,986,372	$ 1,879,368	$ 1,943,090
Center's covered payroll	$ 2,952,093	$ 2,656,681	$ 2,213,970	$ 2,336,029
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.20%	74.77%	84.89%	83.18%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information
for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.08188563%
$ 2,334,043
$ 2,502,279
93.28%
11.49%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
Center's proportion of the net OPEB liability/asset	0.03380768%	0.03400274%	0.03380948%	0.03924562%
Center's proportionate share of the net OPEB liability/(asset)	$ (594,170)	$ (563,167)	$ (543,284)	$ 1,531,219
Center's covered payroll	$ 4,052,143	$ 3,985,514	$ 3,785,836	$ 4,297,914
Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.66%	(14.13%)	(14.35%)	35.63%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	
	0.04281439%
$	2,289,725
$	4,481,650
	51.09%
	37.30%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 50,865	$ 56,776	$ 61,004	$ 46,763
Contributions in relation to the contractually required contribution	(50,865)	(56,776)	(61,004)	(46,763)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 2,694,436	$ 2,952,093	$ 2,656,681	$ 2,213,970
Contributions as a percentage of covered payroll	1.89%	1.92%	2.30%	2.11%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	39,270	$	44,560	$	69,048	$	49,837	$	43,064	$	48,499
	(39,270)		(44,560)		(69,048)		(49,837)		(43,064)		(48,499)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,336,029	$	2,502,279	$	2,546,669	$	2,747,900	$	2,738,873	$	2,556,007
	1.68%		1.78%		2.71%		1.81%		1.57%		1.90%

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 4,390,100	$ 4,052,143	$ 3,985,514	$ 3,785,836
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	-	$	-	$	-	$	42,196	$	44,355	$	41,329
	-		-		-		(42,196)		(44,355)		(41,329)
$	-	$	-	$	-	$	-	$	-	$	-
$	4,297,914	$	4,481,650	$	4,438,829	$	4,121,885	$	4,435,546	$	4,132,900
	0.00%		0.00%		0.00%		1.00%		1.00%		1.00%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to 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 and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to (6.69%) initial - 4.00% ultimate, prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate, and prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER
COLUMBIANA COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	006	$ 7,393
Total Child Nutrition Cluster			7,393
Total U.S. Department of Agriculture			**7,393**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	516-9020	93,388
Special Education - Grants to States (IDEA, Part B)	84.027	516-9021	410,584
Special Education – Preschool Grants (IDEA Preschool)	84.173	587-9020	5,331
Special Education – Preschool Grants (IDEA Preschool)	84.173	587-9021	28,138
Total Special Education Cluster			537,441
Special Education-Grants for Infants and Families	84.181	599-920L	7,707
Special Education-Grants for Infants and Families	84.181	599-921L	111,849
Total Special Education-Grants for Infants and Families			119,556
Twenty-First Century Community Learning Centers	84.287	599-920B	6,189
Twenty-First Century Community Learning Centers	84.287	599-920C	5,750
Twenty-First Century Community Learning Centers	84.287	599-921C	561,618
Total Twenty-First Century Community Learning Centers			573,557
COVID-19 Education Stabilization Fund	84.425D	507-9021	59,355
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) ESC Family Engagement Liason	84.425D	507-921E	24,840
COVID-19 Governor’s Emergency Education Relief (GEER I and II) Fund	84.425C	508-9021	58,561
Total Elementary and Secondary School Emergency Refief (ESSER) Fund			142,756
Total U.S. Department of Education			**1,373,310**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Mental Health and Addiction Services			
Block Grants for Community Mental Health Services	93.958	599-921P	70,000
Total U.S. Department of Health and Human Services			**70,000**
U.S. DEPARTMENT OF TREASURY			
Passed Through the Ohio Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	510-9021	19,222
Total U.S. Department of Treasury			**19,222**
Total Expenditures of Federal Awards			**$1,469,925**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E - MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Columbiana County Educational Service Center
Columbiana County
38720 Saltwell Road
Lisbon, Ohio 44432

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Columbiana County Educational Service Center, Columbiana County, (the Center) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated April 26, 2022. We noted the Center adopted Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and included a disclosure regarding the potential financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center. We also noted the Center has suffered recurring losses from operations and has a fund balance deficit in the General Fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Center's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Center's Response to Finding

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and / or corrective action plan. We did not subject the Center's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2022

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(800) 282-0370

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

Columbiana County Educational Service Center
Columbiana County
38720 Saltwell Road
Lisbon, Ohio 44432

To the Governing Board:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2022

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

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)?**	Yes
(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 Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Special Education Cluster: Special Education – Grants to States (IDEA, Part B) - CFDA #84.027 Special Education – Preschool Grants (IDEA Preschool) – CFDA #84.173 Twenty-First Century Community Learning Centers – CFDA#84.287
(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

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

1. **Financial Reporting**

FINDING NUMBER 2021-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

At June 30, 2021, accrued wages and benefits payable, related to unrecorded employer portion of insurance benefits, were understated by $649,664 and $10,102 in the General Fund and the Columbiana FCFC Fund, respectively.

The adjustment has been reflected in the accompanying basic financial statements.

To help ensure the Center's financial statements are complete and accurate, the Center should adopt policies and procedures to identify and correct errors and omissions. In addition, the Center should review the financial statements and notes prior to submission for audit.

Official's Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2021

Finding Number: 2021-001

Planned Corrective Action: Our medical insurance should be caught up by the end of fiscal year 2022. We will have the GAAP preparer make sure the Outstanding Purchase Order Report is created with dates going back additional years and not just the fiscal year being audited.

Anticipated Completion Date: June 30, 2022

Responsible Contact Person: Cynthia Lengyel

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	June 30, 2020, the accrued wages and benefits payable were understated in the General Fund and Other Governmental Funds.	Not corrected	This was not corrected because the preparers of the GAAP Report ran reports and didn't enter the proper dates to pull the information. The CCESC Treasurer did not have sufficient time to check the report before submitted in the HINKLE program.

Anna Marie Vaughn, Superintendent
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OHIO AUDITOR OF STATE
KEITH FABER

COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER

COLUMBIANA 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 6/2/2022

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