

OHIO AUDITOR OF STATE  
KEITH FABER



**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER**  
**PUTNAM COUNTY**  
**JUNE 30, 2025**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to	
Net Position of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances	
Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities .....	20
Statement of Fiduciary Net Position	
Fiduciary Fund.....	21
Statement of Changes in Fiduciary Net Position	
Fiduciary Fund.....	22
Notes to the Basic Financial Statements.....	23
Schedules of Required Supplementary Information:	
Schedule of the ESC's Proportionate Share of the Net Pension Liability	
and ESC Pension Contributions:	
School Employees Retirement System (SERS) of Ohio.....	55
State Teachers Retirement System (STRS) of Ohio .....	56
Schedule of the ESC's Proportionate Share of the Net OPEB Liability/(Asset)	
and ESC OPEB Contributions:	
School Employees Retirement System (SERS) of Ohio.....	57
State Teachers Retirement System (STRS) of Ohio .....	58

PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY  
JUNE 30, 2025

TABLE OF CONTENTS  
(Continued)

<u>TITLE</u>	<u>PAGE</u>
Notes to the Required Supplementary Information .....	59
Schedule of Expenditures of Federal Awards .....	65
Notes to the Schedule of Expenditures of Federal Awards .....	66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	67
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	69
Schedule of Findings.....	73



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

## INDEPENDENT AUDITOR'S REPORT

Putnam County Educational Service Center  
Putnam County  
124 Putnam Parkway  
Ottawa, Ohio 45875-8657

To the Governing Board:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam County Educational Service Center, Putnam County, Ohio (the ESC), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the ESC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam County Educational Service Center, Putnam County, Ohio as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2025, the ESC adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ESC's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ESC's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ESC's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026, on our consideration of the ESC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ESC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ESC's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

February 6, 2026

**This page intentionally left blank.**

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED**

The management's discussion and analysis of Putnam County Educational Service Center's (the ESC) financial performance provides an overall review of the ESC's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the ESC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the ESC's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities increased \$779,826 which represents a 33.46 percent increase from 2024 restated net position.
- General revenues accounted for \$502,305 in revenue or 6.92 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$6,758,531 or 93.08 percent of total revenues of \$7,260,836.
- The ESC had \$6,481,010 in expenses related to governmental activities; program revenues, including program specific charges for services and sales and operating grants and contributions, of \$6,758,531. In addition, the ESC had general revenues supporting governmental activities (primarily unrestricted grants and entitlements) of \$502,305. In total revenues were adequate to provide for these expenses.
- The ESC's major governmental funds are the General Fund, Miscellaneous State Grants Fund, and the IDEA Part B Grants Fund. The General Fund had \$5,650,760 in revenues and \$5,326,841 in expenditures. During fiscal year 2025, the General Fund's fund balance increased \$323,919 from \$2,584,476 to \$2,908,395.
- The Miscellaneous State Grants Fund had \$120,522 in revenues and \$120,522 in expenditures. During fiscal year 2025, the Miscellaneous State Grants Fund had a beginning and ending fund balance of zero.
- The IDEA Part B Grants Fund had \$1,078,026 in revenues and \$1,078,026 in expenditures. During fiscal year 2025, the IDEA Part B Grants Fund had a beginning and ending fund balance of zero.

**Using these 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 ESC 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 ESC, presenting an aggregate view of the ESC'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 ESC's most significant funds with all other nonmajor funds presented in total in one column. In the case of the ESC, the General Fund, Miscellaneous State Grants Fund, and the IDEA Part B Grants Fund are by far the most significant funds and the only governmental funds reported as major funds.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)**

**Reporting the ESC as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the ESC to provide programs and activities, the view of the ESC as a whole looks at all financial transactions and asks the question, "How did we do financially during 2025?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 ESC's net position and changes in that position. This change in net position is important because it tells the reader that, for the ESC as a whole, the financial position of the ESC 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 ESC'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 ESC's programs and services, including instruction, support services, operations and maintenance, extracurricular activities, and intergovernmental pass-through.

**Reporting the ESC's Most Significant Funds**

***Fund Financial Statements***

Fund financial reports provide detailed information about the ESC's major funds. The ESC uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the ESC's most significant funds. The ESC's major governmental funds are the General Fund, Miscellaneous State Grants Fund, and the IDEA Part B Grants Fund.

***Governmental Funds***

Most of the ESC'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 than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the ESC'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 ESC's Fiduciary Responsibilities***

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

***Notes to the Basic Financial Statements***

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

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)

***Required Supplementary Information***

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

**The ESC as a Whole**

For the table below, amounts for fiscal year 2025 are presented in accordance with GASB Statement No. 101, while amounts for fiscal year 2024 are presented in accordance with previous guidance. See Note 3 to the basic financial statements for detail. The table below provides a summary of the ESC's net position at June 30, 2025 and June 30, 2024.

	<b>Net Position</b>	
	Governmental Activities 2025	Governmental Activities 2024
<b><u>Assets</u></b>		
Current and other assets	\$ 4,491,847	\$ 4,129,440
Capital assets, net	<u>3,257,108</u>	<u>3,331,971</u>
Total assets	<u>7,748,955</u>	<u>7,461,411</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	1,243,232	1,397,984
OPEB	<u>293,728</u>	<u>373,021</u>
Total deferred outflows of resources	<u>1,536,960</u>	<u>1,771,005</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,128,611	1,019,473
Long-term liabilities:		
Due within one year	323,523	221,120
Due in more than one year:		
Net pension liability	6,195,327	6,897,745
Net OPEB liability	379,406	638,100
Other amounts	<u>1,069,830</u>	<u>354,335</u>
Total liabilities	<u>9,096,697</u>	<u>9,130,773</u>
<b><u>Deferred Inflows of Resources</u></b>		
Pensions	807,342	539,528
OPEB	<u>932,590</u>	<u>895,121</u>
Total deferred inflows of resources	<u>1,739,932</u>	<u>1,434,649</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	3,187,703	3,185,714
Restricted	437,696	433,643
Unrestricted (deficit)	<u>(5,176,113)</u>	<u>(4,952,363)</u>
Total net position (deficit)	<u>\$ (1,550,714)</u>	<u>\$ (1,333,006)</u>

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)**

The net pension liability (NPL) is the largest single liability reported by the ESC at June 30, 2025 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The ESC has adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the ESC’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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/asset*. 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 ESC’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 ESC 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/asset. 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/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

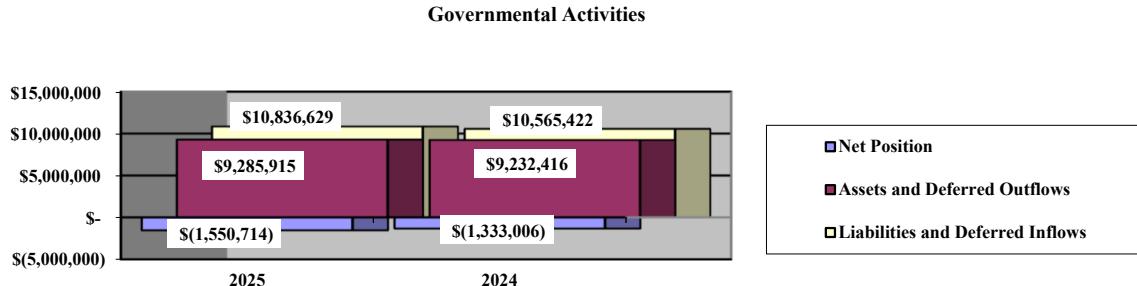
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)**

In accordance with GASB 68 and GASB 75, the ESC'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, 2025, the ESC's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,550,714.

At year-end, capital assets represented 42.03 percent of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles and intangible right to use – leased equipment and subscription software. Net investment in capital assets at June 30, 2025, was \$3,187,703. These capital assets are used to provide services to the students and are not available for future spending. Although the ESC'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 ESC's net position, \$437,696 represents resources that are subject to external restriction on how they may be used. The remaining deficit balance of unrestricted net position is \$5,176,113.

The graph below shows the ESC's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2025 and 2024. For the graph below, amounts for fiscal year 2025 are presented in accordance with GASB Statement No. 101, while amounts for fiscal year 2024 are presented in accordance with previous guidance. See Note 3 to the basic financial statements for detail.



The table below shows the change in net position for fiscal year 2025 and 2024.

**Change in Net Position**

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 5,137,863	\$ 4,737,235
Operating grants and contributions	1,620,668	2,223,009
General revenues:		
Grants and entitlements, unrestricted	358,555	302,931
Investment earnings	140,794	115,217
Miscellaneous	<u>2,956</u>	<u>1,286</u>
Total revenues	<u>7,260,836</u>	<u>7,379,678</u>

(Continued)

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)

**Change in Net Position (Continued)**

	Governmental Activities 2025	Governmental Activities 2024
<b>Expenses</b>		
Program expenses:		
Instruction:		
Regular	\$ 63,534	\$ 89,437
Special	2,116,125	2,170,610
Other	3,803	70,998
Support services:		
Pupil	1,358,244	1,439,980
Instructional staff	907,152	883,560
Board of education	46,614	35,942
Administration	299,540	251,392
Fiscal	291,860	337,531
Operations and maintenance	238,835	218,553
Pupil transportation	25,661	31,804
Central	2,831	6,651
Operation of non-instructional services:		
Other non-instructional services	13,726	79,486
Extracurricular activities	5,000	5,000
Intergovernmental pass-through	1,102,779	1,118,767
Interest	5,306	6,272
Total expenses	<u>6,481,010</u>	<u>6,745,983</u>
Change in net position	779,826	633,695
Net position (deficit) at beginning of year, as previously reported	(1,333,006)	(1,966,701)
Restatement - change in accounting principle	(997,534)	
Net position (deficit) at beginning of year, restated	<u>(2,330,540)</u>	<u>(1,966,701)</u>
Net position (deficit) at end of year	<u>\$ (1,550,714)</u>	<u>\$ (1,333,006)</u>

**Governmental Activities**

Net position of the ESC's governmental activities increased \$779,826. Total governmental expenses of \$6,481,010 were offset by program revenues of \$6,758,531 and general revenues of \$502,305. Program revenues fully supported governmental expenses.

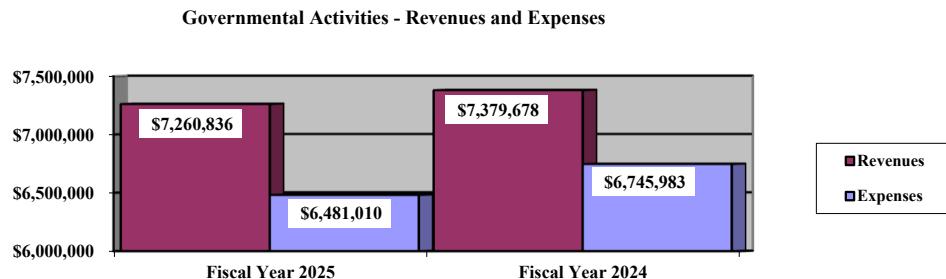
The primary sources of revenue for governmental activities are derived from charges for services and sales. These revenue sources represent 70.76 percent of total governmental revenue.

The largest expenses of the ESC are for instruction and support services. Instructional services expenses totaled \$2,183,462 or 33.69 percent of total governmental expenses for fiscal year 2025. Support services expenses totaled \$3,170,737 or 48.92 percent of total governmental expenses for fiscal year 2025.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)**

The graph below presents the ESC's governmental activities revenue and expenses for fiscal year 2025 and 2024.



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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
<b>Program expenses</b>				
Instruction:				
Regular	\$ 63,534	\$ (489,411)	\$ 89,437	\$ (508,034)
Special	2,116,125	(2,556,972)	2,170,610	(2,061,612)
Other	3,803	2,220	70,998	(21,250)
Support services:				
Pupil	1,358,244	1,317,043	1,439,980	1,276,151
Instructional staff	907,152	832,594	883,560	731,982
Board of education	46,614	46,614	35,942	35,942
Administration	299,540	278,817	251,392	232,102
Fiscal	291,860	125,617	337,531	49,239
Operations and maintenance	238,835	157,843	218,553	122,243
Pupil transportation	25,661	4,748	31,804	(70,079)
Central	2,831	493	6,651	325
Operation of non-instructional services:				
Other non-instructional services	13,726	628	79,486	(4,334)
Extracurricular activities	5,000	(3,061)	5,000	(3,208)
Intergovernmental pass-through	1,102,779		1,118,767	
Interest	5,306	5,306	6,272	6,272
Total expenses	<u>\$ 6,481,010</u>	<u>\$ (277,521)</u>	<u>\$ 6,745,983</u>	<u>\$ (214,261)</u>

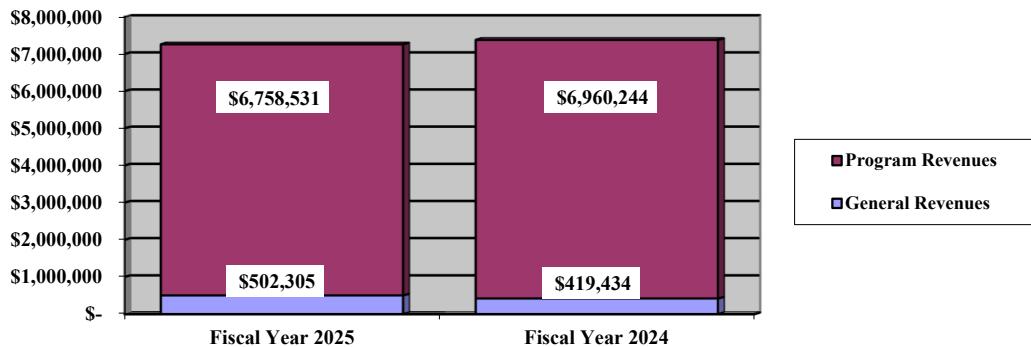
Program revenues supported 104.28 percent of all governmental expenses. The primary support of the ESC is program revenues, charges for services, from Districts to which the ESC provides services.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)**

The graph below presents the ESC's governmental activities revenue for fiscal year 2025 and 2024.

**Governmental Activities - General and Program Revenues**



**The ESC's Funds**

The ESC's governmental funds reported a combined fund balance of \$2,881,928, which is greater than last year's fund balance of \$2,594,976. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	Fund Balance (deficit)	Fund Balance		Percentage Change
	June 30, 2025	June 30, 2024	Change	Change
General	\$ 2,908,395	\$ 2,584,476	\$ 323,919	12.53 %
Nonmajor Governmental	<u>(26,467)</u>	<u>10,500</u>	<u>(36,967)</u>	(352.07) %
Total	<u>\$ 2,881,928</u>	<u>\$ 2,594,976</u>	<u>\$ 286,952</u>	11.06 %

**General Fund**

The ESC's General Fund balance increased by \$323,919.

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

	2025 Amount	2024 Amount	Change	Percentage Change
<b>Revenues</b>				
Tuition and fees	\$ 4,888,666	\$ 4,445,635	\$ 443,031	9.97 %
Contract Services	141,285	203,463	(62,178)	(30.56) %
Investment earnings	182,812	100,964	81,848	81.07 %
Intergovernmental	358,555	302,931	55,624	18.36 %
Other revenues	<u>79,442</u>	<u>92,638</u>	<u>(13,196)</u>	(14.24) %
Total	<u>\$ 5,650,760</u>	<u>\$ 5,145,631</u>	<u>\$ 505,129</u>	9.82 %

Overall ESC's revenues increased \$505,129 or 9.82 percent compared to the prior fiscal year. Contract services decreased \$62,178 or 30.56 percent due to a decrease in services provided to other entities in the current fiscal year. Investment earnings increased \$81,848 or 81.07 percent primarily due to the federal reserve increasing interest rates to combat inflation. All other revenues remained comparable to the prior fiscal year.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)

<b><u>Expenditures</u></b>	<b>2025 Amount</b>	<b>2024 Amount</b>	<b>Change</b>	<b>Percentage Change</b>
Instruction	\$ 2,144,099	\$ 1,932,031	\$ 212,068	10.98 %
Support services	3,099,439	2,816,227	283,212	10.06 %
Non-instructional services	745	1,751	(1,006)	(57.45) %
Facilities acquisition and construction/capital outlay		51,004	(51,004)	(100.00) %
Debt service	<u>82,558</u>	<u>70,208</u>	<u>12,350</u>	17.59 %
Total	<u><u>\$ 5,326,841</u></u>	<u><u>\$ 4,871,221</u></u>	<u><u>\$ 455,620</u></u>	9.35 %

Overall ESC's expenditures increased \$455,620 or 9.35 percent compared to the prior fiscal year. Support services expenditures increased \$283,212 or 10.06 percent primarily due to an increase in pupil and instructional staff related expenses in the current fiscal year. The ESC had an increase of \$212,068 or 10.98 percent in instructional expenditures primarily because of an increase in special instruction expenditures in fiscal year 2025 from the prior fiscal year. Facilities acquisition and construction/ capital outlay expenditures decreased in fiscal year 2025 as a result of the ESC entering into a lease agreement during fiscal year 2024. All other expenditures remained comparable to the prior fiscal year.

***Miscellaneous State Grants Fund***

The Miscellaneous State Grants Fund had \$120,522 in revenues and \$120,522 in expenditures. During fiscal year 2025, the Miscellaneous State Grants Fund had a beginning and ending fund balance of zero.

***IDEA Part B Grants Fund***

The IDEA Part B Grants Fund had \$1,078,026 in revenues and \$1,078,026 in expenditures. During fiscal year 2025, the IDEA Part B Grants Fund had a beginning and ending fund balance of zero.

***Capital Assets and Debt Administration***

***Capital Assets***

At the end of fiscal year 2025, the ESC had \$3,257,108 invested in land, buildings and improvements, furniture and equipment, vehicles and intangible right to use – leased equipment and subscription software, net of accumulated depreciation/amortization. This entire amount is reported in governmental activities.

The following table shows fiscal year 2025 balances compared to 2024:

**Capital Assets at June 30  
(Net of Depreciation/Amortization)**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Land	\$ 156,000	\$ 156,000
Building and improvements	2,930,301	2,966,665
Furniture and equipment	58,778	72,104
Vehicles	65,300	70,107
Intangible right to use assets	<u>46,729</u>	<u>67,095</u>
Total	<u><u>\$ 3,257,108</u></u>	<u><u>\$ 3,331,971</u></u>

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
UNAUDITED  
(Continued)**

The overall decrease in capital assets, net of depreciation/amortization, of \$74,863 is due to depreciation/amortization expense of \$81,735 exceeding capital additions of \$6,872 for fiscal year 2025.

See Note 7 to the basic financial statements for additional information on the ESC's capital assets.

***Debt Administration***

At June 30, 2025 the ESC had \$28,633 and \$40,772 in notes payable and leases payable outstanding, respectively. Of this total, \$38,353 is due within one year and \$31,052 is due within greater than one year.

See Note 8 to the basic financial statements for additional information on the ESC's debt administration.

**Current Financial Related Activities**

Overall, the Educational Service Center is strong financially. As the preceding information shows, the ESC relies heavily upon grants, special education billings from the local districts, and state foundation payments. State funding is predicted to decline for the next several years impacting the ESC and its local districts.

The challenge for the ESC's Management is to continue to provide the resources necessary to meet student needs and be able to stay within our budget for the year. The ESC has anticipated a lower than normal increase in funding due to declining enrollment in the county. This not only impacts the ESC's income, but that of our locals.

Another challenge facing the ESC is the maintenance and renting of a new facility that houses our offices, as well as, a higher education facility with six flexible classrooms. The cost of the facility is around \$3 million, with our investment being \$1 million over a 25-year lease purchase agreement with the Village of Ottawa. A grant from the Economic Development Administration and the Village will be contributing the remaining portion of the funding.

The last challenge facing the ESC is the continued talk of regionalization of services for education in Ohio. To date the outlook of this is looking more favorable to ESCs and we do not see any major changes to our operations in the next several years.

**Contacting the ESC's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the ESC's finances and to show the ESC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Michael Siebeneck, Treasurer, Putnam County Educational Service Center, 124 Putnam Parkway, Ottawa, Ohio 45875-8657.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**STATEMENT OF NET POSITION  
JUNE 30, 2025**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 3,884,898
Receivables:	
Accounts	6,738
Accrued interest	60,606
Intergovernmental	79,899
Prepayments	33,936
Net OPEB asset	425,770
Capital assets:	
Nondepreciable/amortized capital assets	156,000
Depreciable/amortized capital assets, net	<u>3,101,108</u>
Capital assets, net	<u>3,257,108</u>
Total assets	<u>7,748,955</u>
<b>Deferred outflows of resources:</b>	
Pension	1,243,232
OPEB	<u>293,728</u>
Total deferred outflows of resources	<u>1,536,960</u>
<b>Liabilities:</b>	
Accounts payable	43,248
Accrued wages and benefits payable	553,233
Intergovernmental payable	96,732
Accrued interest payable	256
Unearned revenue	435,142
Long-term liabilities:	
Due within one year	323,523
Due in more than one year:	
Net pension liability	6,195,327
Net OPEB liability	379,406
Other amounts due in more than one year	<u>1,069,830</u>
Total liabilities	<u>9,096,697</u>
<b>Deferred inflows of resources:</b>	
Pension	807,342
OPEB	<u>932,590</u>
Total deferred inflows of resources	<u>1,739,932</u>
<b>Net position:</b>	
Net investment in capital assets	3,187,703
Restricted for:	
Federally funded programs	11,926
OPEB	425,770
Unrestricted (deficit)	<u>(5,176,113)</u>
Total net position (deficit)	<u>\$ (1,550,714)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	
	<b>Governmental Activities</b>			
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 63,534	\$ 536,495	\$ 16,450	\$ 489,411
Special	2,116,125	4,376,994	296,103	2,556,972
Other	3,803		1,583	(2,220)
Support services:				
Pupil	1,358,244	9,317	31,884	(1,317,043)
Instructional staff	907,152		74,558	(832,594)
Board of education	46,614			(46,614)
Administration	299,540		20,723	(278,817)
Fiscal	291,860	141,285	24,958	(125,617)
Operations and maintenance	238,835	73,425	7,567	(157,843)
Pupil transportation	25,661		20,913	(4,748)
Central	2,831	347	1,991	(493)
Operation of non-instructional services:				
Other non-instructional services	13,726		13,098	(628)
Extracurricular activities	5,000		8,061	3,061
Intergovernmental pass-through	1,102,779		1,102,779	
Interest and fiscal charges	5,306			(5,306)
<b>Total governmental activities</b>	<b>\$ 6,481,010</b>	<b>\$ 5,137,863</b>	<b>\$ 1,620,668</b>	<b>277,521</b>
<b>General revenues:</b>				
Grants and entitlements not restricted to specific programs				358,555
Investment earnings				140,794
Miscellaneous				2,956
Total general revenues				502,305
Change in net position				779,826
<b>Net position (deficit) at beginning of year, previously reported</b>				(1,333,006)
<b>Restatement - change in accounting principle</b>				(997,534)
<b>Net position (deficit) at beginning of year, restated</b>				(2,330,540)
<b>Net position (deficit) at end of year</b>				<b>\$ (1,550,714)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<b>General</b>	<b>Miscellaneous State Grants</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 3,451,697	\$ 431,627	\$ 1,574	\$ 3,884,898
<b>Receivables:</b>				
Accounts	6,738			6,738
Accrued interest	60,606			60,606
Interfund loans	250			250
Intergovernmental	37,499		42,400	79,899
Prepayments	<u>33,936</u>			<u>33,936</u>
Total assets	<u><u>\$ 3,590,726</u></u>	<u><u>\$ 431,627</u></u>	<u><u>\$ 43,974</u></u>	<u><u>\$ 4,066,327</u></u>
<b>Liabilities:</b>				
Accounts payable	\$ 17,915		\$ 25,333	\$ 43,248
Accrued wages and benefits payable	549,787		3,446	553,233
Intergovernmental payable	93,713		3,019	96,732
Interfund loans payable			250	250
Unearned revenue	<u>3,515</u>	<u>\$ 431,627</u>		<u>435,142</u>
Total liabilities	<u><u>664,930</u></u>	<u><u>431,627</u></u>	<u><u>32,048</u></u>	<u><u>1,128,605</u></u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available			38,393	38,393
Accrued interest not available	<u>17,401</u>			<u>17,401</u>
Total deferred inflows of resources	<u><u>17,401</u></u>		<u><u>38,393</u></u>	<u><u>55,794</u></u>
<b>Fund balances:</b>				
Nonspendable:				
Prepays	33,936			33,936
Assigned:				
Student instruction	6,286			6,286
Student and staff support	25,403			25,403
Unassigned (deficit)	<u>2,842,770</u>		<u>(26,467)</u>	<u>2,816,303</u>
Total fund balances (deficit)	<u><u>2,908,395</u></u>		<u><u>(26,467)</u></u>	<u><u>2,881,928</u></u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 3,590,726</u></u>	<u><u>\$ 431,627</u></u>	<u><u>\$ 43,974</u></u>	<u><u>\$ 4,066,327</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2025

<b>Total governmental fund balances</b>	\$	2,881,928
---	----	-----------

*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. 3,257,108

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.

Accrued interest receivable	\$ 17,401
Intergovernmental receivable	38,393
<b>Total</b>	<b>55,794</b>

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (256)

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	1,243,232
Deferred inflows - pension	(807,342)
Net pension liability	(6,195,327)
Deferred outflows - OPEB	293,728
Deferred inflows - OPEB	(932,590)
Net OPEB asset	425,770
<b>Net OPEB liability</b>	<b>(379,406)</b>
<b>Total</b>	<b>(6,351,935)</b>

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Notes payable	(28,633)
Leases payable	(40,772)
Compensated absences	(1,323,948)
<b>Total</b>	<b>(1,393,353)</b>

<b>Net position of governmental activities</b>	\$	<b>(1,550,714)</b>
--	----	--------------------

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<b>Miscellaneous</b>	<b>IDEA</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>Part B</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>State</b>	<b>Grants</b>	<b>Funds</b>	<b>Funds</b>
<b>Revenues:</b>				
Intergovernmental	\$ 358,555	\$ 120,522	\$ 380,666	\$ 1,937,769
Investment earnings	182,812			182,812
Tuition and fees	4,888,666			4,888,666
Rental income	73,425			73,425
Contract services	141,285		34,487	175,772
Contributions and donations	3,061			3,061
Miscellaneous	2,956			2,956
 Total revenues	 5,650,760	 120,522	 1,078,026	 415,153
				7,264,461
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	22,084	16,450	25,000	63,534
Special	2,122,015		294,912	2,416,927
Other			1,583	1,583
Support services:				
Pupil	1,477,601	31,734	9,562	1,518,897
Instructional staff	865,173	53,117	21,363	939,653
Board of education	47,667			47,667
Administration	261,057		20,541	281,598
Fiscal	270,276	1,123	23,835	295,234
Operations and maintenance	177,051		7,500	184,551
Pupil transportation	125		20,729	20,854
Central	489		2,342	2,831
Operation of non-instructional services:				
Other non-instructional services	745	13,098		13,843
Extracurricular activities		5,000		5,000
Intergovernmental pass-through		1,078,026	24,753	1,102,779
Debt service:				
Principal retirement	76,852			76,852
Interest and fiscal charges	5,706			5,706
 Total expenditures	 5,326,841	 \$ 120,522	 \$ 1,078,026	 452,120
				6,977,509
Net change in fund balances	323,919		(36,967)	286,952
<b>Fund balances at beginning of year</b>	<b>2,584,476</b>		<b>10,500</b>	<b>2,594,976</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ 2,908,395</b>		<b>\$ (26,467)</b>	<b>\$ 2,881,928</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**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, 2025**

<b>Net change in fund balances - total governmental funds</b>	\$ 286,952
---	------------

*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/amortization expense.

Capital asset additions	\$ 6,872
Current year depreciation/amortization	<u>(81,735)</u>
<b>Total</b>	<b>(74,863)</b>

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

Earnings on investments	(42,018)
Intergovernmental	<u>38,393</u>
<b>Total</b>	<b>(3,625)</b>

Repayment of notes payable, leases payable, and SBITA payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

76,852

In the statement of activities, interest is accrued on outstanding note, lease, and SBITA payable, whereas in governmental funds, an interest expenditure is reported when due.

400

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

Pension	655,306
OPEB	<u>25,539</u>
<b>Total</b>	<b>680,845</b>

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	(375,454)
OPEB	<u>108,871</u>
<b>Total</b>	<b>(266,583)</b>

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.

79,848

<b>Change in net position of governmental activities</b>	<b><u>\$ 779,826</u></b>
--	--------------------------

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2025

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 361,213
Intergovernmental receivable	<u>43,082</u>
Total assets	<u>404,295</u>
<b>Liabilities:</b>	
Accrued wages and benefits	15,336
Intergovernmental payable	<u>7,421</u>
Total liabilities	<u>22,757</u>
<b>Net position:</b>	
Restricted for organizations and other governments	<u>381,538</u>
Total net position	<u>\$ 381,538</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<b>Custodial</b>
<b>Additions:</b>	
Amounts received as fiscal agent	<u>\$ 539,338</u>
<b>Deductions:</b>	
Distributions as fiscal agent	<u>454,056</u>
Change in net position	85,282
<b>Net position at beginning of year</b>	<u>296,256</u>
<b>Net position at end of year</b>	<u>\$ 381,538</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 – DESCRIPTION OF THE EDUCATIONAL SERVICE CENTER**

The Putnam County Educational Service Center (the ESC) is the successor to the former Putnam County Board of Education. County Boards of Education were formed in Ohio as a result of the passage of Senate Bill 9 in 1914. In 1995, Am. Sub. H.B. 117 authorized the creation of Educational Service Centers and abolished county school ESCs. That legislation also changed the “Board of Education” to the “Governing Board”. On July 1, 1995, the Putnam County Board of Education formally adopted these changes and thus became the “Governing Board of the Putnam County Educational Service Center”.

The Governing Board consists of five members elected by the voters of the County. This Board acts as the authorizing body for expenditures, policies and procedures, and approves all financial activities. The ESC is staffed by 42 certified employees (including administrative) and 16 classified employees to provide services to approximately 5,639 students in 9 school districts throughout the County.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The basic financial statements of the reporting entity include only those of the ESC (the primary government).

The following organization is described due to their relationship to the ESC:

***JOINTLY GOVERNED ORGANIZATION***

**Northwest Ohio Area Computer Services Cooperative**

The ESC is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the cities of St. Mary’s and Wapakoneta. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member entities within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ben Thaxton, who serves as director, at 4277 East Road, Elida, Ohio 45807.

The ESC’s management believes these financial statements present all activities for which the ESC is financially accountable.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**B. Fund Accounting**

The ESC 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. The ESC has no proprietary funds.

*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 and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the ESC's major governmental funds:

*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.

*Miscellaneous State Grants Fund* – A Special Revenue Fund used to account for state grants not classified elsewhere that are restricted for purposes outlined by the grant.

*IDEA Part B Grants Fund* – A Special Revenue Fund used to account for and report grant monies restricted to expenditures for providing an appropriate public education to all children with disabilities.

Other governmental funds of the ESC are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes.

*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 under a trust agreement for individuals, private organizations, or other governments. The ESC does not have pension trust funds, private-purpose trust funds or investment trust funds. The ESC's custodial funds account for funds collected and distributed on behalf of organizations and other governments as a fiscal agent and other miscellaneous collections and disbursements.

**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 ESC 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 ESC. 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 ESC.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the ESC are included on the Statement of Net Position.

*Fund Financial Statements* – Fund financial statements report detailed information about the ESC. 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 and current liabilities and deferred inflows 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from fiduciary funds.

**D. Basis of Accounting**

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

*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 ESC, available means expected to be received within sixty days of fiscal year end.

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

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, rental income, contract services, interest, and intergovernmental grants.

*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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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. Unavailable revenue includes, but is not limited to, intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to net pension liability and net OPEB liability (asset), respectively. These deferred inflows of resources are 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. Budgetary Process**

In fiscal year 2004, the ESC's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the ESC is discretionary, the ESC's Board budgets for resources estimated to be received during the fiscal year. The estimated revenues may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer.

The ESC's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level. The Treasurer has been authorized to allocate appropriations to the function and object levels within all funds. Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant.

The ESC has elected to not present budgetary schedules as supplementary information for the General Fund and major Special Revenue Funds.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**F. Cash and Investments**

To improve cash management, cash received by the ESC is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the ESC'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 2025, investments were limited to nonnegotiable certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposits, are reported at cost.

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 2025 amounted to \$182,812, which includes \$28,760 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 ESC are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the ESC's investment account at year end is provided in Note 4.

**G. Capital Assets**

General capital assets are those assets specifically 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition value as of the date received. During fiscal year 2025, the ESC maintained its capitalization threshold at \$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 ESC does not possess infrastructure.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20 - 50 years
Equipment and furniture	5 - 20 years
Vehicles	5 - 10 years
Intangible right to use:	
Leased equipment	5 years
Subscription software	3 years

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

The ESC is reporting intangible right to use assets related to leased equipment and subscription software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**H. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable.”

On fund financial statements, receivables and payables resulting from short-term interfund loans from the General Fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds.” These amounts are eliminated in the governmental activities columns on the Statement of Net Position.

**I. Compensated Absences**

The ESC recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

*Vacation*

The ESC's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

*Sick Leave*

The ESC's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the ESC and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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. 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.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the ESC 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. It also includes the long-term amount of loans receivable.

*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 Governing Board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the ESC 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 ESC 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 ESC 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.

The ESC 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.

**L. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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 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 ESC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

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

**M. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**N. 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.

**O. Interfund Activity**

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

**P. Flow-Through Grants**

The ESC is the primary recipient of grants which are passed through or spent on behalf of the local, exempted village, and city school districts. When the ESC has a financial or administrative role in the grants, the grants are reported as receipts and intergovernmental disbursements in a special revenue fund. For fiscal year 2025, these funds included the special revenue IDEA Part-B Grants Fund and the Early Childhood IDEA Fund (a Nonmajor Governmental Fund).

**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, 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 2025.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**S. New Accounting Pronouncements**

For fiscal year 2025, the ESC implemented GASB Statement No. 102, Certain Risk Disclosures, but had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

**NOTE 3 – ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2025, the ESC has implemented GASB Statement No. 101, “Compensated Absences” and GASB Statement No. 102, “Certain Risk Disclosures”.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the ESC.

**B. Deficit Fund Balances**

Fund balances at June 30, 2025 included the following individual fund deficit:

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
Title 1: Instructional Programs for Migrant Children Fund	\$ 26,467

The General Fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**C. Change within the Financial Reporting Entity**

For fiscal year 2025, the ESC’s Elementary and Secondary School Emergency Relief (ESSER) Fund presentation was adjusted from major to nonmajor due to no longer meeting the qualitative threshold for a major fund. This fund had a zero fund balance at fiscal year end June 30, 2024. As a result, no change is separately displayed in the financial statements.

**D. Restatement of Net Position**

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, “Compensated Absences”. The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as “restatement – change in accounting principle”.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**NOTE 4 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the ESC 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 ESC 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;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (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.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

Protection of the 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 ESC, 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. At fiscal year end, the ESC had no undeposited cash on hand to be included as part of "Equity in pooled cash and cash equivalents."

**A. Deposits with Financial Institutions**

At June 30, 2025, the carrying amount of all ESC deposits was \$4,246,111. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2025, \$1,450,000 of the ESC's bank balance of \$4,316,089 was covered by the FDIC, while \$2,866,089 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the ESC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The ESC has no deposit policy for custodial credit risk beyond the requirements of the State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the ESC and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2025, the ESC's financial institutions had a collateral rate through the OPCS of 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the ESC to a successful claim by the FDIC.

**B. 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 disclosure above to cash and investments as reported on the Statement of Net Position as of June 30, 2025:

<u>Cash and investments per note disclosure:</u>	
Carrying amount of deposits	<u>\$ 4,246,111</u>

<u>Cash and investments per Statement of Net Position:</u>	
Governmental Activities	\$ 3,884,898
Custodial Funds	361,213
Total	<u>\$ 4,246,111</u>

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**NOTE 5 – INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2025, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 250

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 – RECEIVABLES**

Receivables at June 30, 2025 consisted of accrued interest, accounts receivable, 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 summary of the receivables reported on the Statement of Net Position is as follows:

<u>Governmental Activities:</u>		
Intergovernmental	\$	79,899
Accrued interest		60,606
Accounts		<u>6,738</u>
Total receivables	\$	<u>147,243</u>

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

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

	<u>Balance</u>	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>June 30, 2025</u>
<b><u>Governmental activities:</u></b>						
<i>Capital assets, not being depreciated/amortized:</i>						
Land	\$ 156,000	_____	_____	_____	\$ 156,000	_____
<i>Total capital assets, not being depreciated/amortized</i>	<u>156,000</u>	_____	_____	_____	<u>156,000</u>	_____
<i>Capital assets, being depreciated/amortized:</i>						
Buildings and improvements	3,600,000	_____	_____	_____	3,600,000	_____
Furniture and equipment	378,433	\$ 6,872	\$ (26,529)	\$ (26,529)	358,776	_____
Vehicles	72,110	_____	_____	_____	72,110	_____
<i>Intangible right to use:</i>						
Leased equipment	51,004	_____	_____	_____	51,004	_____
Subscription software	<u>30,494</u>	_____	_____	_____	<u>30,494</u>	_____
<i>Total capital assets, being depreciated/amortized</i>	<u>4,132,041</u>	<u>6,872</u>	<u>(26,529)</u>	<u>_____</u>	<u>4,112,384</u>	_____
<i>Less: accumulated depreciation/amortization:</i>						
Buildings and improvements	(633,335)	(36,364)	_____	_____	(669,699)	_____
Furniture and equipment	(306,329)	(20,198)	26,529	26,529	(299,998)	_____
Vehicles	(2,003)	(4,807)	_____	_____	(6,810)	_____
<i>Intangible right to use:</i>						
Leased equipment	(850)	(10,201)	_____	_____	(11,051)	_____
Subscription software	<u>(13,553)</u>	<u>(10,165)</u>	<u>_____</u>	<u>_____</u>	<u>(23,718)</u>	_____
<i>Total accumulated depreciation/amortization</i>	<u>(956,070)</u>	<u>(81,735)</u>	<u>\$ 26,529</u>	<u>_____</u>	<u>(1,011,276)</u>	_____
<b>Governmental activities capital assets, net</b>	<b><u>\$ 3,331,971</u></b>	<b><u>\$ (74,863)</u></b>	<b><u>_____</u></b>	<b><u>_____</u></b>	<b><u>\$ 3,257,108</u></b>	<b><u>_____</u></b>

Depreciation/amortization expense was charged to governmental functions as follows:

<b><u>Instruction:</u></b>	
Special	\$ 179
Other	2,220
<b><u>Support services:</u></b>	
Pupil services	2,268
Instructional staff	12,770
Administration	521
Fiscal	4,653
Operations and maintenance	54,317
Pupil transportation	<u>4,807</u>
<b>Total depreciation/amortization expense</b>	<b><u>\$ 81,735</u></b>

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**NOTE 8 – LONG-TERM OBLIGATIONS**

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the ESC has restated compensated absences as of June 30, 2024 which is reflected in the schedule below. Changes in the ESC's governmental activities long-term obligations during the year were as follows:

Governmental activities:	Restated		Balance 06/30/25	Amount Due	
	Balance 06/30/24	Decreases		Within One Year	
Notes payable	\$ 84,085	\$ (55,452)	\$ 28,633	\$ 28,633	
Leases payable	51,004	(10,232)	40,772		9,720
SBITA payable	11,168	(11,168)			
Net pension liability	6,897,745	(702,418)	6,195,327		
Net OPEB liability	638,100	(258,694)	379,406		
Compensated absences* (restated)	<u>1,426,732</u>	<u>(102,784)</u>	<u>1,323,948</u>		<u>285,170</u>
Total long-term obligations	<u>\$ 9,108,834</u>	<u>\$ (1,140,748)</u>	<u>\$ 7,968,086</u>		<u>\$ 323,523</u>

\*The change in compensated absences liability is presented as a net change.

Compensated absences – Will be paid out of the fund from which the employee is paid, which is primarily the General Fund.

Net pension liability – See Note 10 for details.

Net OPEB liability (asset) – See Note 11 for details.

Notes payable – On September 8, 2005, the ESC entered into a notes payable agreement for a community learning center with the Village of Ottawa. The center shall be used for educational operations, training, governmental, civic and recreational activities. The terms of the notes payable agreement provides that at the end of the agreement the center land shall pass to the ESC.

Notes payable payments have been reclassified and are reflected as debt service expenditures on the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Governmental capital assets acquired by lease have been capitalized in an amount equal to the present value of the future minimum payments as of the dates of their inception. A corresponding liability has been recorded and is presented as a component of long-term liabilities on the Statement of Net Position. During fiscal year 2025, principal payments equaled \$55,452 and interest payments equaled \$3,061. These amounts are reflected as debt service expenditures in the fund financial statements.

Fiscal Year Ended	Notes Payable		
	Principal	Interest	Total
2026	\$ 28,633	\$ 623	\$ 29,256

**Leases Payable**

During the current fiscal year, the ESC entered into a lease agreement for the right to use copier equipment. Due to the implementation of GASB Statement No. 87, the ESC will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases payable. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

The ESC pays the lease obligation from the General Fund. Principal and interest requirements to retire the ESC's outstanding leases payable at June 30, 2025, are as follows:

Fiscal Year Ended	Leases Payable		
	Principal	Interest	Total
2026	\$ 9,720	\$ 1,680	\$ 11,400
2027	10,179	1,221	11,400
2028	10,660	740	11,400
2029	10,213	237	10,450
Total	\$ 40,772	\$ 3,878	\$ 44,650

*Subscription-Based Information Technology Arrangements (SBITA) Payable*

The ESC entered into a SBITA transaction during a prior fiscal year. The discount was amortized using the interest method over the life of the subscription. The ESC fulfilled this debt obligation during fiscal year 2025.

**NOTE 9 – RISK MANAGEMENT**

**A. Risk Pool Membership**

The ESC is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA is a member owned organization having approximately 175 members. SORSA is a joint self-insurance pool. SORSA assumes the risk of loss up to the limits of the ESC's policy. SORSA covers the following risks:

- General and Commercial Liability
- Employee Benefits Liability
- School Leaders Errors and Omissions
- Sexual Misconduct
- Commercial Umbrella
- Cyber
- Vehicle

The ESC contributes to the funding, operating and maintaining of the SORSA joint self-insurance pool. The ESC's contributions cover deductible losses, loss fund contributions, insurance costs, and administrative costs.

The ESC paid \$15,363 in premiums to the pool for fiscal year 2025 coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

SORSA financial statements are available by contacting SORSA at:

Schools of Ohio Risk Sharing Authority, Inc.  
555 Metro Park North, Suite 645  
Dublin, Ohio, 43017

**B. Employee Group Health, Dental and Prescription Drugs**

The ESC participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Huntington Trust. The ESC converted its fully-insured medical insurance program to partial self insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claims review and processing. The ESC maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**C. Workers' Compensation**

The ESC participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool which is administered by Sedgwick. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

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

The net pension liability and the net OPEB liability (asset) reported on the Statement of Net Position represents a liability or asset to employees for pensions and OPEB, respectively.

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

The net pension/OPEB liability (asset) represents the ESC'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 ESC's obligation for this liability to annually required payments. The ESC cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the ESC does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

The remainder of this note includes the required pension disclosures. See Note 11 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 intergovernmental payable on both the accrual and modified accrual bases of accounting.

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent cost-of-living adjustment (COLA) for calendar year 2024.

Funding Policy – Plan members are required to contribute 10.00 percent of their annual covered salary and the ESC is required to contribute 14.00 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00 percent for plan members and 14.00 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.00 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The ESC's contractually required contribution to SERS was \$212,842 for fiscal year 2025. Of this amount, \$8,526 is reported as intergovernmental payable.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

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

Plan Description – Licensed teachers and other faculty members 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 – July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 – July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

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

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The ESC's contractually required contribution to STRS was \$442,464 for fiscal year 2025. Of this amount, \$54,074 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ESC's proportion of the net pension liability was based on the ESC's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03800590%	0.02227880%	
Proportion of the net pension liability current measurement date	<u>0.03667660%</u>	<u>0.02244667%</u>	
Change in proportionate share	<u>-0.00132930%</u>	<u>0.00016787%</u>	
Proportionate share of the net pension liability	\$ 1,876,225	\$ 4,319,102	\$ 6,195,327
Pension expense	\$ 139,783	\$ 235,671	\$ 375,454

At June 30, 2025, the ESC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

	SERS	STRS	Total
<b><u>Deferred outflows of resources</u></b>			
Differences between expected and actual experience	\$ 71,632	\$ 271,990	\$ 343,622
Changes of assumptions	16,785	199,048	215,833
Difference between employer contributions and proportionate share of contributions/ change in proportionate share		28,471	28,471
Contributions subsequent to the measurement date	<u>212,842</u>	<u>442,464</u>	<u>655,306</u>
Total deferred outflows of resources	<u><u>\$ 301,259</u></u>	<u><u>\$ 941,973</u></u>	<u><u>\$ 1,243,232</u></u>
	SERS	STRS	Total
<b><u>Deferred inflows of resources</u></b>			
Differences between expected and actual experience		\$ 2,367	\$ 2,367
Net difference between projected and actual earnings on pension plan investments	\$ 117,358	371,355	488,713
Changes of assumptions		149,826	149,826
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>64,743</u>	<u>101,693</u>	<u>166,436</u>
Total deferred inflows of resources	<u><u>\$ 182,101</u></u>	<u><u>\$ 625,241</u></u>	<u><u>\$ 807,342</u></u>

\$655,306 reported as deferred outflows of resources related to pension resulting from ESC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	\$ (117,770)	\$ (294,072)	\$ (411,842)
2027	91,836	378,833	470,669
2028	(33,240)	(127,223)	(160,463)
2029	<u>(34,510)</u>	<u>(83,270)</u>	<u>(117,780)</u>
Total	<u><u>\$ (93,684)</u></u>	<u><u>\$ (125,732)</u></u>	<u><u>\$ (219,416)</u></u>

***Actuarial Assumptions – SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

	<u>June 30, 2024</u>
Wage inflation	2.40 percent
Future salary increases, including inflation	3.25 percent to 13.58 percent
COLA or ad hoc COLA	2.00 percent on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment rate of return	7.00 percent net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

**Service Retirement:** PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**Disabled Retirement:** PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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. As of June 30, 2024:

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
<b>Total</b>	<b><u>100.00 %</u></b>	

**Discount Rate** – Total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

**Sensitivity of the ESC'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 proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	\$ 2,870,367	\$ 1,876,225	\$ 1,039,214

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024, actuarial valuations are presented below:

	June 30, 2024
Inflation	2.50 percent
Projected salary increases	From 2.50 percent to 8.50 percent based on age
Investment rate of return	7.00 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0.00 percent, effective July 1, 2017

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u><u>100.00 %</u></u>	

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40 percent and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

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

	Current		
	1% Decrease	Discount Rate	1% Increase
ESC's proportionate share of the net pension liability	\$ 6,967,468	\$ 4,319,102	\$ 2,079,039

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**NOTE 11 – DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability (Asset)***

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

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

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the ESC's surcharge obligation was \$25,539.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The ESC's contractually required contribution to SERS was \$25,539 for fiscal year 2025. Of this amount, \$25,539 is reported as intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liabilities (Assets), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The ESC's proportion of the net OPEB liability (asset) was based on the ESC's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03873270%	0.02227880%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03725160%</u>	<u>0.02244667%</u>	
Change in proportionate share	<u>-0.00148110%</u>	<u>0.00016787%</u>	
Proportionate share of the net OPEB liability	\$ 379,406		\$ 379,406
Proportionate share of the net OPEB asset		\$ (425,770)	\$ (425,770)
OPEB expense	\$ (10,503)	\$ (98,368)	\$ (108,871)

At June 30, 2025, the ESC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

	SERS	STRS	Total
<b><u>Deferred outflows of resources</u></b>			
Differences between expected and actual experience		\$ 18,509	\$ 18,509
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,850		1,850
Changes of assumptions	162,841	52,410	215,251
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	30,072	2,507	32,579
Contributions subsequent to the measurement date	<u>25,539</u>		<u>25,539</u>
Total deferred outflows of resources	<u>\$ 220,302</u>	<u>\$ 73,426</u>	<u>\$ 293,728</u>

	SERS	STRS	Total
<b><u>Deferred inflows of resources</u></b>			
Differences between expected and actual experience	\$ 409,100	\$ 45,881	\$ 454,981
Net difference between projected and actual earnings on OPEB plan investments		18,283	18,283
Changes of assumptions	174,283	192,021	366,304
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>91,690</u>	<u>1,332</u>	<u>93,022</u>
Total deferred inflows of resources	<u>\$ 675,073</u>	<u>\$ 257,517</u>	<u>\$ 932,590</u>

\$25,539 reported as deferred outflows of resources related to OPEB resulting from ESC 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, 2026. 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
<b>Fiscal Year Ending June 30:</b>			
2026	\$ (103,423)	\$ (64,980)	\$ (168,403)
2027	(80,669)	(28,209)	(108,878)
2028	(65,613)	(36,465)	(102,078)
2029	(60,137)	(33,945)	(94,082)
2030	(59,580)	(27,443)	(87,023)
Thereafter	<u>(110,888)</u>	<u>6,951</u>	<u>(103,937)</u>
<b>Total</b>	<b><u>\$ (480,310)</u></b>	<b><u>\$ (184,091)</u></b>	<b><u>\$ (664,401)</u></b>

***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).

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented below:

	<u>June 30, 2024</u>
Wage inflation	2.40 percent
Future salary increases, including inflation	3.25 percent to 13.58 percent
Investment rate of return	7.00 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059
Municipal bond index rate:	
Current measurement date	3.93 percent
Prior measurement date	3.86 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.88 percent
Prior measurement date	4.27 percent
Medical Trend Assumption	
Current measurement date	7.00 percent to 4.40 percent
Prior measurement date	6.75 percent to 4.40 percent

In 2024, the following mortality assumptions were used:

**Healthy Retirees** – PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.

**Disabled Retirees** – PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

**Contingent Survivors** – PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**Actives** – PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** – Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93 percent at June 30, 2024 and 3.86 percent at June 30, 2023.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

***Sensitivity of the ESC'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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88 percent) and higher (5.88 percent) than the current discount rate (4.88 percent). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	Current		
	1% Decrease	Discount Rate	1% Increase
ESC's proportionate share of the net OPEB liability	\$ 505,924	\$ 379,406	\$ 278,870
	Current		
	1% Decrease	Trend Rate	1% Increase
ESC's proportionate share of the net OPEB liability	\$ 256,464	\$ 379,406	\$ 541,003

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
	Initial	Ultimate	Initial	Ultimate
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent		Varies by service from 2.50 percent to 8.50 percent	
Investment rate of return	7.00 percent, net of investment expenses, including inflation		7.00 percent, net of investment expenses, including inflation	
Payroll increases	3.00 percent		3.00 percent	
Discount rate of return	7.00 percent		7.00 percent	
Health care cost trends				
Medical				
Pre-Medicare	7.50 percent	3.94 percent	7.50 percent	4.14 percent
Medicare	-112.22 percent	3.94 percent	-10.94 percent	4.14 percent
Prescription Drug				
Pre-Medicare	8.00 percent	3.94 percent	-11.95 percent	4.14 percent
Medicare	-15.14 percent	3.94 percent	1.33 percent	4.14 percent

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40 percent and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

**Sensitivity of the ESC'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, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	Current		
	1% Decrease	Discount Rate	1% Increase
ESC's proportionate share of the net OPEB asset	\$ 346,180	\$ 425,770	\$ 495,032
ESC's proportionate share of the net OPEB asset	Current		
	1% Decrease	Trend Rate	1% Increase
	\$ 499,710	\$ 425,770	\$ 336,848

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**  
(Continued)

**NOTE 12 – CONTINGENCIES**

**A. Grants**

The ESC 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 ESC. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the ESC.

**B. Litigation**

The ESC is involved in no material litigation as either plaintiff or defendant.

**NOTE 13 – OTHER COMMITMENTS**

The ESC 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 ESC's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year - End</u>
	<u>Encumbrances</u>
General	\$ 31,689
Miscellaneous State Grants	173,748
Nonmajor Governmental	58,116
Total	<u><u>\$ 263,553</u></u>

**This page intentionally left blank.**

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER**  
**PUTNAM COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	ESC's Proportion of the Net Pension Liability	ESC's Proportionate Share of the Net Pension Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.03667660%	\$ 1,876,225	\$ 1,532,429	122.43%	78.52%
2024	0.03800590%	2,100,019	1,511,036	138.98%	76.06%
2023	0.03848050%	2,081,325	1,448,307	143.71%	75.82%
2022	0.03859040%	1,423,874	1,331,514	106.94%	82.86%
2021	0.03730330%	2,467,319	1,307,321	188.73%	68.55%
2020	0.03631570%	2,172,832	1,256,681	172.90%	70.85%
2019	0.03267940%	1,871,610	1,090,304	171.66%	71.36%
2018	0.03387540%	2,023,980	1,069,971	189.16%	69.50%
2017	0.03297450%	2,413,429	1,027,207	234.95%	62.98%
2016	0.03337510%	1,904,416	1,004,765	189.54%	69.16%

Fiscal Year (1)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 212,842	\$ (212,842)	\$ -	\$ 1,520,300	14.00%
2024	214,540	(214,540)	-	1,532,429	14.00%
2023	211,545	(211,545)	-	1,511,036	14.00%
2022	202,763	(202,763)	-	1,448,307	14.00%
2021	186,412	(186,412)	-	1,331,514	14.00%
2020	183,025	(183,025)	-	1,307,321	14.00%
2019	169,652	(169,652)	-	1,256,681	13.50%
2018	147,191	(147,191)	-	1,090,304	13.50%
2017	149,796	(149,796)	-	1,069,971	14.00%
2016	143,809	(143,809)	-	1,027,207	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE ESC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AND ESC PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN FISCAL YEARS

Fiscal Year (1)	ESC's Proportion of the Net Pension Liability	ESC's Proportionate Share of the Net Pension Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.02244667%	\$ 4,319,102	\$ 3,123,879	138.26%	82.55%
2024	0.02227880%	4,797,726	3,015,129	159.12%	80.02%
2023	0.02262418%	5,029,384	2,951,957	170.37%	78.88%
2022	0.02345872%	2,999,408	2,903,979	103.29%	87.78%
2021	0.02299008%	5,562,781	2,676,064	207.87%	75.48%
2020	0.02196723%	4,857,921	2,533,671	191.73%	77.40%
2019	0.02234733%	4,913,676	2,409,286	203.95%	77.31%
2018	0.02320522%	5,512,450	2,240,471	246.04%	75.30%
2017	0.02250357%	7,532,623	2,388,579	315.36%	66.80%
2016	0.02244873%	6,204,172	2,368,136	261.99%	72.10%

Fiscal Year (1)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 442,464	\$ (442,464)	\$ -	\$ 3,160,457	14.00%
2024	437,343	(437,343)	-	3,123,879	14.00%
2023	422,118	(422,118)	-	3,015,129	14.00%
2022	413,274	(413,274)	-	2,951,957	14.00%
2021	406,557	(406,557)	-	2,903,979	14.00%
2020	374,649	(374,649)	-	2,676,064	14.00%
2019	354,714	(354,714)	-	2,533,671	14.00%
2018	337,300	(337,300)	-	2,409,286	14.00%
2017	313,666	(313,666)	-	2,240,471	14.00%
2016	334,401	(334,401)	-	2,388,579	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE ESC'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
AND ESC OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	ESC's Proportion of the Net OPEB Liability	ESC's Proportionate Share of the Net OPEB Liability	ESC's Covered Payroll	ESC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.03725160%	\$ 379,406	\$ 1,532,429	24.76%	44.50%
2024	0.03873270%	638,100	1,511,036	42.23%	30.02%
2023	0.03930770%	551,884	1,448,307	38.11%	30.34%
2022	0.03966340%	750,662	1,331,514	56.38%	24.08%
2021	0.03789480%	823,578	1,307,321	63.00%	18.17%
2020	0.03707760%	932,424	1,256,681	74.20%	15.57%
2019	0.03318300%	920,586	1,090,304	84.43%	13.57%
2018	0.03419070%	917,589	1,069,971	85.76%	12.46%
2017	0.03342692%	952,791	1,027,207	92.76%	11.49%

Fiscal Year (1)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 25,539	\$ (25,539)	\$ -	\$ 1,520,300	1.68%
2024	26,080	(26,080)	-	1,532,429	1.70%
2023	26,289	(26,289)	-	1,511,036	1.74%
2022	25,471	(25,471)	-	1,448,307	1.76%
2021	24,887	(24,887)	-	1,331,514	1.87%
2020	20,491	(20,491)	-	1,307,321	1.57%
2019	28,263	(28,263)	-	1,256,681	2.25%
2018	23,511	(23,511)	-	1,090,304	2.16%
2017	17,779	(17,779)	-	1,069,971	1.66%
2016	12,233	(12,233)	-	1,027,207	1.19%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER**  
**PUTNAM COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	ESC's Proportion of the Net OPEB Liability/(Asset)	ESC's Proportionate Share of the Net OPEB Liability/(Asset)		ESC's Covered Payroll	ESC's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)		
		ESC's Proportion of the Net OPEB Liability/(Asset)	ESC's Proportionate Share of the Net OPEB Liability/(Asset)		ESC's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll				
2025	0.02244667%	\$ (425,770)	\$ 3,123,879		13.63%		158.01%		
2024	0.02227880%	(433,292)	3,015,129		14.37%		168.52%		
2023	0.02262418%	(585,815)	2,951,957		19.84%		230.73%		
2022	0.02345872%	(494,608)	2,903,979		17.03%		174.73%		
2021	0.02299008%	(404,050)	2,676,064		15.10%		182.10%		
2020	0.02196723%	(363,830)	2,533,671		14.36%		174.70%		
2019	0.02234733%	(359,099)	2,409,286		14.90%		176.00%		
2018	0.02320522%	905,382	2,240,471		40.41%		47.10%		
2017	0.02250357%	1,203,497	2,388,579		50.39%		37.30%		

Fiscal Year (1)	Contributions in Relation to the Contractually Required Contributions				Contributions as a Percentage of Covered Payroll	
	Contractually Required Contributions	Contractually Required Contributions		Contribution Deficiency (Excess)	ESC's Covered Payroll	Contributions as a Percentage of Covered Payroll
		Contractually Required Contributions	Contractually Required Contributions			
2025	\$ -	\$ -	\$ -	\$ -	\$ 3,160,457	0.00%
2024	-	-	-	-	3,123,879	0.00%
2023	-	-	-	-	3,015,129	0.00%
2022	-	-	-	-	2,951,957	0.00%
2021	-	-	-	-	2,903,979	0.00%
2020	-	-	-	-	2,676,064	0.00%
2019	-	-	-	-	2,533,671	0.00%
2018	-	-	-	-	2,409,286	0.00%
2017	-	-	-	-	2,240,471	0.00%
2016	-	-	-	-	2,388,579	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 – PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PENSION**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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 year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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 year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, 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 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

***SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO***

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

*Change in assumptions:*

- For fiscal year 2017, 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.
- 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%.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- 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%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate went from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate went from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate went from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

**STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

*Change 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.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

*Change 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; prescription drug Medicare from 9.62% initial – 4.00% ultimate up to 11.87% initial – 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial – 4.00% ultimate down to -16.18% initial – 4.00% ultimate; prescription drug Medicare from 11.87% initial – 4.00% ultimate up to 29.98% initial – 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial – 4.00% ultimate to 7.50% initial – 3.94% ultimate; medical Medicare from -16.18% initial – 4.00% ultimate to -68.78% initial – 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial – 4.00% ultimate to 9.00% initial – 3.94% ultimate; Medicare from 29.98% initial – 4.00% ultimate to -5.47% initial – 3.94% ultimate.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial – 3.94% ultimate to 7.50% initial – 4.14% ultimate; medical Medicare from -68.78% initial – 3.94% ultimate to -10.94% initial – 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial – 3.94% ultimate to -11.95% initial – 4.14% ultimate; Medicare from -5.47% initial – 3.94% ultimate to 1.33% initial – 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial – 4.14% ultimate to 7.50% initial – 3.94% ultimate; medical Medicare from -10.94% initial – 4.14% ultimate to -112.22% initial – 3.94% ultimate; prescription drug Pre-Medicare from -11.95% initial – 4.14% ultimate to 8.00% initial – 3.94% ultimate; Medicare from 1.33% initial – 4.14% ultimate to -15.14% initial – 3.94% ultimate.

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
Summer Food Service Program for Children	10.559	\$ 9,544
Total Child Nutrition Cluster		<u>9,544</u>
Total U.S. Department of Agriculture		<u>9,544</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> <i>Passed Through Ohio Department of Job and Family Services</i>		
MaryLee Allen Promoting Safe and Stable Families Program	93.556	18,664
Stephanie Tubbs Jones Child Welfare Services Program	93.645	<u>1,828</u>
Total U.S. Department of Health and Human Services		<u>20,492</u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education and Workforce</i>		
Migrant Education State Grant Program	84.011	198,804
Twenty-First Century Community Learning Centers	84.287	884
COVID-19 Education Stabilization Fund		
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER) - Family and Community Partner Liaison	84.425U	8,531
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER) - Extended Learning and Recovery	84.425U	<u>71,435</u>
Total Education Stabilization Fund		<u>79,966</u>
Special Education Cluster:		
Special Education Grants to States	84.027	1,078,026
Special Education Preschool Grants	84.173	<u>24,753</u>
Total Special Education Cluster		<u>1,102,779</u>
<i>Passed Through Ohio Department of Developmental Disabilities</i>		
Special Education - Grants for Infants and Families	84.181	<u>63,783</u>
Total U.S. Department of Education		<u>1,446,216</u>
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 1,476,252</u></b>

*The accompanying notes are an integral part of this schedule.*

**PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR § 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Putnam County Educational Service Center, Putnam County, Ohio (the ESC) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented 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 ESC, it is not intended to and does not present the financial position or changes in net position of the ESC.

**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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The ESC has elected not to use the 10-percent / 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D – CHILD NUTRITION CLUSTER**

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

**NOTE E – MATCHING REQUIREMENTS**

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

**NOTE F – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require the ESC to obligate certain federal awards by June 30. However, with Ohio Department of Education and Workforce's consent, the ESC can transfer unobligated amounts to the subsequent fiscal year's program. The ESC transferred the following amounts from 2025 to 2026 programs:

<b>Program Title</b>	<b>AL Number</b>	<b>Amt. Transferred</b>
Migrant Education State Grant Program	84.011	\$ 35,398



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

Putnam County Educational Service Center  
Putnam County  
124 Putnam Parkway  
Ottawa, Ohio 45875-8657

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam County Educational Service Center, Putnam County, Ohio (the ESC) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the ESC's basic financial statements and have issued our report thereon dated February 6, 2026, wherein we noted the ESC adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

Putnam County Educational Service Center  
Putnam County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

February 6, 2026



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

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

Putnam County Educational Service Center  
Putnam County  
124 Putnam Parkway  
Ottawa, Ohio 45875-8657

To the Governing Board:

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

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

We have audited Putnam County Educational Service Center, Putnam County, Ohio's (the ESC) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Putnam County Educational Service Center's major federal program for the year ended June 30, 2025. Putnam County Educational Service Center's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Putnam County Educational Service Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

Putnam County Educational Service Center  
Putnam County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance  
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

KEITH FABER  
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

February 6, 2026

**This page intentionally left blank.**

PUTNAM COUNTY EDUCATIONAL SERVICE CENTER  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major 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
(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?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY EDUCATIONAL SERVICE CENTER

PUTNAM 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 2/19/2026

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)