OHIO AUDITOR OF STATE
KEITH FABER

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY
JUNE 30, 2020

TABLE OF CONTENTS

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Lighthouse Community School
Hamilton County
Ohio Department of Education
Office of School Sponsorship
25 South Front Street
Columbus, Ohio 43215

To Lighthouse Community School:

Report on the Financial Statements

We have audited the accompanying financial statements of Lighthouse Community School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2020, and changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the School closed on June 30, 2020. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio
January 15, 2021

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The discussion and analysis of the Lighthouse Community School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total net position of the School decreased $200,059 during the fiscal year. Ending net position of the School was negative $1,164,044 compared with negative $963,985 at June 30, 2019.
- Total assets decreased $236,512 from the prior year and total liabilities decreased by $225,263 during this same 12-month period.
- The School's operating loss for fiscal year 2020 was $406,485. Total revenues decreased by $259,256 while total expenses decreased by $44,367 over those reported for the prior year.

Using this Financial Report

Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows

The statement of net position and the statement of revenues, expenses and change in net position answer the question, "How did we do financially during the fiscal year?" The statement of net position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net position; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential change in the laws governing charter schools in the State of Ohio will also need to be evaluated.

The statement of revenues, expenses and change in net position reports the change in net position. This change in net position is important because it tells the reader that, for the School as a whole, whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the School is meeting the cash flow needs of its operations.

Financial Analysis

Table 1 provides a summary of the School's net position for fiscal year 2020 and fiscal year 2019:

Table 1
Net Position at Year End

	2020	2019
Assets:		
Current Assets	$ 155,739	$ 380,181
Capital Assets, Net	2,571	6,780
Net OPEB Asset	67,641	75,502
Total Assets	225,951	462,463
Deferred Outflows of Resources	316,892	476,307
Liabilities		
Current Liabilities	86,430	132,611
Non-Current Liabilities		
Net Pension Liability	1,154,066	1,313,117
Net OPEB Liability	103,413	123,444
Total Liabilities	1,343,909	1,569,172
Deferred Inflows of Resources	362,978	333,583
Net Position:		
Net Investment in Capital Assets	2,571	6,780
Restricted	16,850	19,481
Unrestricted	(1,183,465)	(990,246)
Total Net Position	$ (1,164,044)	$ (963,985)

Current Assets decreased significantly. This decrease is primarily the result of a decrease in Investments as the School has closed at the end of the fiscal year.

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

Table 2 shows the changes in net position for fiscal years 2020 and 2019, as well as a listing of revenues and expenses.

Table 2
Changes in Net Position

	2020	2019
Operating Revenues:		
Foundation Payments	$ 328,346	$ 342,257
Special Education	353,686	372,416
Severe Behavioral Handicap	112,102	105,793
Other	276	18,155
Non-Operating Revenues:		
Federal and State Grants	143,904	71,748
Cincinnati Public School	-	275,000
Contributions and Donations	9,850	11,235
Investment Earnings	2,604	14,790
Economic Disadvantaged Funding	33,904	35,013
Other Unrestricted Grants in Aid	16,164	13,685
Total Revenues	1,000,836	1,260,092
Operating Expenses		
Salaries	570,276	622,013
Fringe Benefits	204,365	81,623
Purchased Services	351,888	465,163
Materials and Supplies	51,134	49,607
Depreciation	4,209	6,660
Other Expenses	19,023	19,653
Advisory Fees	-	543
Total Expenses	1,200,895	1,245,262
Change in Net Position	(200,059)	14,830
Net Position, Beginning of Year	(963,985)	(978,815)
Net Position, End of Year	$ (1,164,044)	$ (963,985)

Total revenues decreased in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in non-operating Cincinnati Public School sponsorship revenues.

Capital Assets (Net of Depreciation)

At the end of fiscal year 2020, the School had $2,571 in Capital Assets, Net, a decrease of $4,209 compared to the balance reported one year ago. This decrease represents the amount of current year depreciation ($4,209). For more information, see Note 6 to the basic financial statements.

Current Financial Issues

Fiscal year 2020 was the School's final year of operation.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the finances of the Lighthouse Community School and to show the School's accountability for the monies it receives. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Lighthouse Community School, 6100 Desmond Drive, Cincinnati, Ohio 45227.

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Assets:	
Current Assets	
Cash and Cash Equivalents	$ 113,368
Intergovernmental Receivable	42,371
Total Current Assets	155,739
Noncurrent Assets	
Capital Assets, Net	2,571
Net OPEB Asset	67,641
Total Noncurrent Assets	70,212
Total Assets	225,951
Deferred Outflows of Resources:	
Pension	280,488
OPEB	36,404
Total Deferred Outflows of Resources	316,892
Liabilities:	
Current Liabilities	
Accounts Payable	29,442
Accrued Wages Payable	49,362
Intergovernmental Payable	7,626
Total Current Liabilities	86,430
Long-Term Liabilities:	
Net Pension Liability	1,154,066
Net OPEB Liability	103,413
Total Long-Term Liabilities	1,257,479
Total Liabilities	1,343,909
Deferred Inflows of Resources:	
Pension	207,246
OPEB	155,732
Total Deferred Inflows of Resources	362,978
Net Position:	
Investment in Capital Assets	2,571
Restricted	16,850
Unrestricted	(1,183,465)
Total Net Position	$ (1,164,044)

See accompanying notes to the basic financial statements.

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenues:	
Foundation Payments	$ 328,346
Special Education	353,686
Severe Behavioral Handicap	112,102
Other	276
Total Operating Revenues	794,410
Operating Expenses:	
Salaries	570,276
Fringe Benefits	204,365
Purchased Services	351,888
Materials and Supplies	51,134
Depreciation	4,209
Other	19,023
Total Operating Expenses	1,200,895
Operating Loss	(406,485)
Non-Operating Revenues (Expenses):	
Federal and State Grants	143,904
Contributions and Donations	9,850
Investment Earnings	2,604
Economic Disadvantaged Funding	33,904
Other Unrestricted Grants in Aid	16,164
Total Non-Operating Revenues (Expenses)	206,426
Change in Net Position	(200,059)
Net Position Beginning of Year	(963,985)
Net Position End of Year	$ (1,164,044)

See accompanying notes to the basic financial statements.

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:		
Received from Foundation Payments	$	324,684
Received from Disadvantaged Pupil Impact Aid		465,788
Received from Extracurricular Activities		276
Payments to Suppliers for Goods and Services		(412,054)
Payments to Employees for Services and Benefits		(791,035)
Payments to Other		(20,299)
Net Cash Used for Operating Activities		(432,640)
Cash Flows from Noncapital Financing Activities:		
Received from Federal and State Grants		118,646
Received from Contributions and Donations		9,850
Other Non-Operating Receipts		50,068
Net Cash Provided by Noncapital Financing Activities		178,564
Cash Flows from Investing Activities:		
Received from Investment Sales		2,604
Net Cash Provided By Investing Activities		2,604
Net Decrease in Cash and Cash Equivalents		(251,472)
Cash and Cash Equivalents at Beginning of Year		364,840
Cash and Cash Equivalents at End of Year	$	113,368

See accompanying notes to the basic financial statements.

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(406,485)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		4,209
Changes in Assets and Liabilities:		
Intergovernmental Receivable		(1,772)
Accounts Payable		(20,318)
Accrued Wages Payable		(13,696)
Intergovernmental Payable		(3,764)
Compensated Absences		(8,403)
Net Pension Liability		35,533
Net OPEB Asset/Liability		(17,944)
Net Cash Used for Operating Activities	$	(432,640)

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Lighthouse Community School (the School) is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades six through twelve. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School can sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. Lighthouse Community School qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax-exempt status.

The School was approved for operation under contract with the Cincinnati Public School District, Hamilton County (the Sponsor) commencing July 1, 2000. On February 12, 2018, the Ohio Department of Education's Office of School Sponsorship assumed the sponsorship of the School in an agreement that continued through June 30, 2020. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School (Note 12).

The School operates under the direction of a six-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional/support facility by 4 non-certified and 10 certificated full-time teaching personnel who provide services to 54 students.

NOTE 2 – RELATED ORGANIZATION

Lighthouse Community School contracts with Lighthouse Youth Services, Inc. for various management services, including:

1. Utilization of operations and policy manuals, forms, and management procedures;
2. Assistance in identifying and applying for grants;
3. Financial management;
4. Administrative staff supervision;
5. Human Resource assistance with hiring and benefits management, and
6. Such other management consultant services as are from to time mutually agreed upon.

Lighthouse Community School paid Lighthouse Youth Services, Inc. $69,000 for the management services noted above.

In October 2004, New Life Properties, Inc. an affiliated organization bought the school building on Desmond Avenue. An annual lease is signed between the two parties, in which the School pays annual rent of $44,973 and assumes utility and maintenance costs of the building.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each part gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses are recognized at the time they are incurred.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not require the School to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School maintains a capitalization threshold of one thousand dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Furniture, Fixtures, and Equipment	3 – 5 years
Computers	3 years
Leasehold Improvements	10 years

F. Compensated Absences

Vacation leave benefits are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School reports a current liability for accumulated unused vacation time when earned for all employees. The School does not pay sick leave benefits upon termination or retirement.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily foundation payments from the State. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 8 and Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 8 and Note 9.

J. Pensions and Other Postemployment Benefits (OPEB)

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

K. Estimates

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

NOTE 4 – DEPOSITS

At fiscal year end, the carrying amount of the School's deposits was $113,368 and the bank balance was $122,021. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2020, the School's bank balance was not exposed to risk as it was covered by the Federal Deposit Insurance Corporation.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2020, consisted of intergovernmental receivables arising from foundation underpayment, retirement system overpayment, grants and entitlements. All receivables are considered collectible in full. A summary of intergovernmental receivables follows:

Funding Source		Amount
Retirement System Overpayment	$	9,043
Foundation Adjustment		5,099
CARES Act		2,590
Title I		25,639
Total Intergovernmental Receivables	$	42,371

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated				
Leasehold Improvements	$ 298,899	$ -	$ -	$ 298,899
Furniture, Fixtures, and Equipment	64,168	-	-	64,168
	363,067	-	-	363,067
Less Accumulated Depreciation:				
Leasehold Improvements	(298,899)	-	-	(298,899)
Furniture, Fixtures, and Equipment	(57,388)	(4,209)	-	(61,597)
	(356,287)	(4,209)	-	(360,496)
Capital Assets, Net	$ 6,780	$ (4,209)	$ -	$ 2,571

NOTE 7 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School contracted with Philadelphia Insurance Company for general liability and property insurance and Philadelphia Insurance Company for educational errors and omissions insurance.

Coverages are as follows:

Building and Contents ($5,000 deductible)	$ 371,315
Business Personal Property ($5,000 deductible)	100,000
Educational Errors and Omissions	1,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	3,000,000

There has been no significant change in insurance coverage from last year. Settled claims have not exceeded commercial coverage in either of the past three years.

Worker's Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the annual total gross payroll by a factor that is calculated by the State.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School's contractually required contribution to SERS was $19,134 for fiscal year 2020. Of this amount, $165 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School’s contractually required contribution to STRS was $64,708 for fiscal year 2020. Of this amount, $5,099 is reported as an intergovernmental payable.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00419210%	0.00408442%	
Prior Measurement Date	0.00488890%	0.00469862%	
Change in Proportionate Share	-0.00069680%	-0.00061420%	
Proportionate Share of the Net Pension Liability	$ 250,821	$ 903,245	$ 1,154,066
Pension Expense	$ 14,572	$ 104,803	$ 119,375

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions, and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

At June 30, 2020 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 6,363	$ 7,354	$ 13,717
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	0	0
Changes of Assumptions	0	106,103	106,103
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	8,958	67,868	76,826
School Contributions Subsequent to the Measurement Date	19,134	64,708	83,842
Total Deferred Outflows of Resources	$ 34,455	$ 246,033	$ 280,488
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 3,910	$ 3,910
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,220	44,144	47,364
Changes of Assumptions	0	0	0
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	40,734	115,238	155,972
Total Deferred Inflows of Resources	$ 43,954	$ 163,292	$ 207,246

$83,842 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (16,819)	$ 37,164	$ 20,345
2022	(13,424)	5,365	(8,059)
2023	(215)	(6,763)	(6,978)
2024	1,825	(17,733)	(15,908)
	$ (28,633)	$ 18,033	$ (10,600)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

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, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does 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 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 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 investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School'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 School's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 351,489	$ 250,821	$ 166,397

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 1,319,990	$ 903,245	$ 550,447

NOTE 9 – DEFINED BENEFIT OPEB PLANS

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 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 2020, the School's surcharge obligation was $0.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability (asset) was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.00411200%	0.00408400%	
Prior Measurement Date	0.00445000%	0.00469900%	
Change in Proportionate Share	-0.00033800%	-0.00061500%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 103,413	$ (67,641)	
OPEB Expense	$ (2,511)	$ (15,433)	$ (17,944)

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 1,518	$ 6,132	$ 7,650
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	248	0	248
Changes of Assumptions	7,553	1,422	8,975
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	1,488	18,043	19,531
Total Deferred Outflows of Resources	$ 10,807	$ 25,597	$ 36,404
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 22,718	$ 3,442	$ 26,160
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	4,247	4,247
Changes of Assumptions	5,795	74,161	79,956
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	36,345	9,024	45,369
Total Deferred Inflows of Resources	$ 64,858	$ 90,874	$ 155,732

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (12,275)	$ (14,338)	$ (26,613)
2022	(10,878)	(14,336)	(25,214)
2023	(10,807)	(12,636)	(23,443)
2024	(10,820)	(12,039)	(22,859)
2025	(7,120)	(11,038)	(18,158)
Thereafter	(2,151)	(890)	(3,041)
	$ (54,051)	$ (65,277)	$ (119,328)

Actuarial Assumptions - SERS

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

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

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

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 125,518	$ 103,413	$ 85,828

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 82,851	$ 103,413	$ 130,683

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

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

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

NOTE 9 – DEFINED BENEFIT OPEB PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (57,718)	$ (67,641)	$ (75,984)

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (76,702)	$ (67,641)	$ (56,544)

NOTE 10 – EMPLOYEE BENEFITS

A. Compensated Absences

Administrators and classified staff earn up to thirty days of paid time off (PTO) per year, depending upon the position, scheduled hours, and length of service, and may carry over unused PTO from year to year, up to the stated plan maximums. Teachers receive three personal days and two vacation days to be taken throughout the school year as permitted by the school policy. The teachers are also permitted six weeks off in the summer due to their compensation being based on a 10.5 month work schedule but paid out over a twelve month period. Teachers, administrators, and non-certified employees earn sick leave at a rate of 2.46 hours per period. Sick leave may be accumulated up to a maximum of 480 hours. Accumulated unused leave is forfeited upon termination of employment.

B. Insurance Benefits

The School provides life insurance to all employees through a private carrier. Coverage in the amount of $10,000 is provided to all certified and non-certified employees. Health and Dental insurance coverage is provided through Anthem and Dental Care Plus.

NOTE 11 – PURCHASED SERVICES

During the fiscal year ended June 30, 2020, other purchased service expenses for services rendered by various vendors were as follows:

Management Services	$	94,305
Legal Services		736
Health Services		18,705
Garbage Removal		15,800
Instructional Services		15,900
Professional and Technical Services		23,749
Repairs and Maintenance		25,082
Rentals		45,757
Property Services		4,989
Travel and Meeting Expenses		1,879
Communication Services		3,074
Utilities		43,077
Data Processing Services		2,952
Transportation Services		55,883
Total	$	351,888

NOTE 12 – CONTRACTED FISCAL SERVICES

The School is a party to a fiscal services agreement with Mangen & Associates (M&A), which is an education finance consulting company. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer/Accounting Services
3. CCIP Administration

Payments to M&A during the fiscal year totaled $32,821.

NOTE 13 – CONTINGENCIES

A. Grants

The School received financial assistance from Federal and State 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 School. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2020, if applicable, cannot be determined at this time. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at fiscal year-end.

B. Other Grants

The School's contract with its Sponsor provides for supplemental payments to the School from the Sponsor, as defined in the contract with the Sponsor. The School received $0 during fiscal year 2020 based on this contract.

C. Full-Time Equivalency Reviews

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2020 and determined the School was underpaid by $5,099. This amount is reported as an intergovernmental receivable on the statement of net position.

NOTE 14 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2020, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the School also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Paragraph 4 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a government board typically would perform and paragraph 5 mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the School.

For the fiscal year ended June 30, 2020, the School has early implemented Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 92 *Omnibus 2020.*

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The early implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The early implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School.

NOTE 15 – CEASED OPERATIONS

The School discontinued operations July 1, 2020 and the School is currently in the process of dissolving the remaining assets and liabilities.

The following schedule summarizes the cash receipts and cash disbursements of the School for liquidation period of July 1, 2020 through November 30, 2020.

Receipts:	
Federal Grants	$ 27,099
Other Unrestricted Grants-In-Aid	732
Total Operating Receipts	27,831
Operating Disbursements:	
Salaries and Fringe Benefits	62,625
Purchased Services	33,045
Other	576
Total Operating Disbursements	96,246
Net Decrease in Cash	(68,415)
Beginning Cash, July 1, 2020	113,368
Ending Cash, November 30, 2020	$ 44,953

The Sponsor sent a non-renewal notice to the School and as a result of the non-renewal, the School closed effective June 30, 2020. The Sponsor is committed to financially supporting the School over the period of time it takes to close the School. The bank accounts will be closed and any remaining cash after the School's final expenses and payables have been paid will be paid back to the Ohio Department of Education (ODE). The School has followed closeout procedures prescribed by the ODE, regarding official notices to ODE, retirement systems, students, staff and the community. Disposition of student records and property owned by the School have also been in accord with ODE requirements.

NOTE 16 – SUBSEQUENT EVENT

As of November 30, the School had a cash balance of $44,953. The School has experienced limited activity subsequent to fiscal year-end. Once all costs and liabilities are known and all funds due to the School have been collected, the School will pay its final costs associated with the closure of the School, and any residual cash balance will be remitted to the ODE per Ohio Revised Code Section 3314.074.

-This page was intentionally left blank-

REQUIRED SUPPLEMENTARY INFORMATION

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0041921%	0.0048889%	0.0063643%	0.0056411%	0.0051783%	0.002853%	0.002853%
School's Proportionate Share of the Net Pension Liability	$ 250,821	$ 279,996	$ 380,253	$ 412,876	$ 295,479	$ 144,389	$ 169,659
School's Covered Payroll	$ 129,095	$ 164,100	$ 189,861	$ 191,261	$ 172,283	$ 63,600	$ 95,889
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.29%	170.63%	200.28%	215.87%	171.51%	227.03%	176.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.00408442%	0.00469862%	0.00409106%	0.00417326%	0.00439813%	0.00447314%	0.00447314%
School's Proportionate Share of the Net Pension Liability	$ 903,245	$ 1,033,121	$ 971,840	$ 1,396,916	$ 1,215,514	$ 1,296,045	$ 1,088,022
School's Covered Payroll	$ 494,784	$ 519,864	$ 455,189	$ 451,818	$ 471,032	$ 394,271	$ 470,692
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	182.55%	198.73%	213.50%	309.18%	258.05%	328.72%	231.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution	$ 19,134	$ 17,428	$ 22,154	$ 26,581
Contributions in Relation to the Contractually Required Contribution	$ 19,134	$ 17,428	$ 22,154	$ 26,581
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 136,671	$ 129,095	$ 164,100	$ 189,861
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
$ 26,777	$ 22,707	$ 8,812	$ 13,271	$ 9,595	$ 10,892
$ 26,777	$ 22,707	$ 8,812	$ 13,271	$ 9,595	$ 10,892
$ -	$ -	$ -	$ -	$ -	$ -
$ 191,261	$ 172,283	$ 63,600	$ 95,889	$ 71,338	$ 86,651
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution	$ 64,708	$ 69,270	$ 72,781	$ 63,726
Contributions in Relation to the Contractually Required Contribution	$ 64,708	$ 69,270	$ 72,781	$ 63,726
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 462,200	$ 494,784	$ 519,864	$ 455,189
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
$ 63,254	$ 65,945	$ 51,255	$ 61,190	$ 62,513	$ 60,134
$ 63,254	$ 65,945	$ 51,255	$ 61,190	$ 62,513	$ 60,134
$ -	$ -	$ -	$ -	$ -	$ -
$ 451,818	$ 471,032	$ 394,271	$ 470,692	$ 480,869	$ 462,569
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0041120%	0.0044496%	0.0057775%	0.0055190%
School's Proportionate Share of the Net OPEB Liability	$ 103,413	$ 123,444	$ 155,053	$ 157,312
School's Covered Payroll	$ 129,095	$ 164,100	$ 189,861	$ 191,261
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	80.11%	75.22%	81.67%	82.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

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

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability (Asset)	0.00408400%	0.00469862%	0.00409106%	0.00417326%
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (67,641)	$ (75,502)	$ 159,618	$ 223,187
School's Covered Payroll	$ 494,784	$ 519,864	$ 455,189	$ 451,818
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.67%	-14.52%	35.07%	49.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution (1)	$ -	$ 2,293	$ 958	$ -
Contributions in Relation to the Contractually Required Contribution	$ -	$ 2,293	$ 958	$ -
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 136,671	$ 129,095	$ 164,100	$ 189,861
OPEB Contributions as a Percentage of Covered Payroll	0.00%	1.78%	0.58%	0.00%

(1) Includes Surcharge for fiscal years 2014-2020. Surcharge information prior to fiscal year 2014 was unavailiable

See accompanying notes to the required supplementary information

2016		2015		2014		2013		2012		2011	
$	1,496	$	2,877	$	301	$	153	$	392	$	1,239
$	1,496	$	2,877	$	301	$	153	$	392	$	1,239
$	-	$	-	$	-	$	-	$	-	$	-
$	191,261	$	172,283	$	63,600	$	95,889	$	71,338	$	86,651
	0.78%		1.67%		0.47%		0.16%		0.55%		1.43%

LIGHTHOUSE COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 462,200	$ 494,784	$ 519,864	$ 455,189
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2016		2015		2014		2013		2012		2011	
$	-	$	-	$	3,943	$	4,707	$	4,809	$	4,626
$	-	$	-	$	3,943	$	4,707	$	4,809	$	4,626
$	-	$	-	$	-	$	-	$	-	$	-
$	451,818	$	471,032	$	394,271	$	470,692	$	480,869	$	462,569
	0.00%		0.00%		1.00%		1.00%		1.00%		1.00%

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

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

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 – NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare:

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare:

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

NOTE 2 – NET OPEB LIABILITY (ASSET) (continued)

Changes in Benefit Terms – STRS

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Lighthouse Community School
Hamilton County
Ohio Department of Education
Office of School Sponsorship
25 South Front Street
Columbus, Ohio 43215

To Lighthouse Community School:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Lighthouse Community School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated January 15, 2021, wherein we noted that the School closed on June 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio
January 15, 2021

OHIO AUDITOR OF STATE
KEITH FABER

LIGHTHOUSE COMMUNITY SCHOOL

HAMILTON 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 2/2/2021

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