OAKSTONE COMMUNITY SCHOOL

FRANKLIN COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2022

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Trustees
Oakstone Community School
5747 Cleveland Avenue
Columbus, Ohio 43231

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2022

This page intentionally left blank.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY
JUNE 30, 2022

TABLE OF CONTENTS

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oakstone Community School
5747 Cleveland Avenue
Columbus, Ohio 43231

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oakstone Community School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oakstone Community School, Franklin County, Ohio, as of June 30, 2022, and the changes in its 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Pension and Other Post-Employment Benefit Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Gahanna, Ohio
November 11, 2022

The discussion and analysis of the Oakstone Community School's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2022. 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 the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position was ($1,779,566) at June 30, 2022.

- The School had operating revenues of $6,505,804, operating expenses of $6,742,048, and non-operating revenues of $238,210, for fiscal year 2022. Total change in net position for the fiscal year was an increase of $1,966.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include all assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in that net position. This change in net position is important because it tells the reader that, for the School as a whole, 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. These statements can be found on pages 9 and 10 of this report.

The Statement of Cash Flows provides information about how the School finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 11 of this report.

The table below provides a summary of the Statement of Net Position for fiscal years 2022 and 2021.

	2022	2021
Assets		
Current assets	$ 571,006	$ 824,289
Non-current assets, net	54.911	46,508
Net Other Post Employment Benefits Asset	120,538	105,063
Total assets	746,455	975,860
Deferred Outflows of Resources		
Pension	524,610	475,724
Other Postemployment Benefits	112,134	106,420
Total Deferred Outflows of Resources	636,744	582,144
Liabilities		
Current liabilities	163,473	205,763
Long term liabilities	91,149	93,184
Net Pension Liability	1,291,721	2,364,058
Net Other Postemployment Benefits Liability	264,757	277,942
Total liabilities	1,811,100	2,940,947
Deferred Inflows of Resources		
Pension	1,006,655	73,132
Other Postemployment Benefits	345,010	325,457
Total Deferred Inflows of Resources	1,351,665	398,589
Net Position		
Net investment in Capital Assets	22,911	14,508
Restricted	32,000	32,000
Unrestricted	(1,834,477)	(1,828,040)
Total Net Position	$ (1,779,566)	$ (1,781,532)

Pension and Other Postemployment Benefits Accounting, GASB 68, and GASB 75
Net Pension liability of $1.29 million and Net Other Postemployment Benefits (OPEB) liability of $264,757 are the largest liabilities reported by the School as of June 30, 2022. These liabilities are reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. For reasons discussed below, these liabilities distort the true financial position of the School. Many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows of resources related to pension/OPEB and the net pension/OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension/OPEB and net OPEB asset. The resulting net position would be just over $371,000, just over $1.4 million more than the net position reported.

GASB standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions, GASB 27 and GASB 45, focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. GASB 68 and GASB 75 require the net pension liability and net OPEB liability to equal the School's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service, less plan assets available to pay these benefits.

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

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

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

In accordance with GASB 68 and GASB 75, the School's statements prepared on an accrual basis of accounting include an annual pension and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows of resources. As a result of implementing GASB 75, the School is reporting a net OPEB liability (asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting

Changes not related to Pension and OPEB Accounting and GASB 68 and GASB 75
Current Assets decreased in fiscal year 2022 mainly due to a decrease in cash of $248,470 as a result of operations as well as slight decreases in prepaids, accounts receivable, and intergovernmental receivable.

At June 30, 2022, capital assets represented just over 3% of total assets. Capital assets consisted of technology and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

Current liabilities decreased in fiscal year 2022 as a result of decreases in accounts payable and accrued wages due to operations. The decrease was offset by a slight increase in intergovernmental payable.

The School's long term liabilities consist of compensated absences, net pension liability and net OPEB liability. Compensated absences decreased due to decreases in accrued leave balances.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the School's net position was ($1,779,566) compared to ($1,781,532) at June 30, 2021. The School's net position increased $1,966 during the fiscal year.

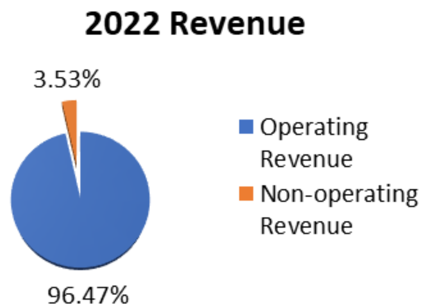
The table below shows the changes in net position for fiscal years 2022 and 2021:

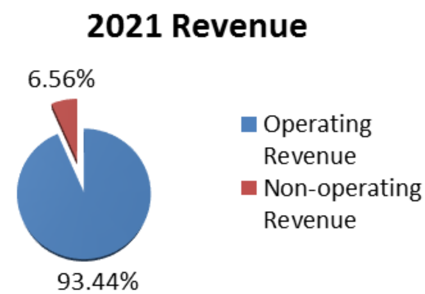
	2022	2021
Operating Revenues:		
State foundation	$ 6,505,604	$ 6,991,988
Other	200	200
Total operating revenues	6,505,804	6,992,188
Non-operating Revenues:		
Federal and state grants	221,649	476,218
Casino Revenue	14,518	10,726
Donations	1,936	4,027
Interest income	107	264
Total non-operating revenues	238,210	491,235
Total revenue	6,744,014	7,483,423
Operating Expenses:		
Salaries and wages	1,314,916	1,245,393
Fringe benefits	147,893	502,866
Purchased services	5,231,363	5,735,782
Materials and supplies	37,518	31,807
Depreciation	10,158	7,932
Other	200	-
Total operating expenses	6,742,048	7,523,780
Change in net position	1,966	(40,357)
Net position at beginning of year	(1,781,532)	(1,741,175)
Net position at end of year	$ (1,779,566)	$ (1,781,532)

State foundation revenue decreased due to a decrease in enrollment from 246.08 full time equivalent (FTE) students during fiscal year 2021 to 217.18 FTE students in fiscal year 2022. Casino revenue increased from fiscal year 2021 as the impacts of the pandemic began to decrease. Interest income decreased due to substantially decreasing interest rates. Donations decreased from 2021. Grant revenue decreased as 2021 had the forgiveness of the Paycheck Protection Program note payable.

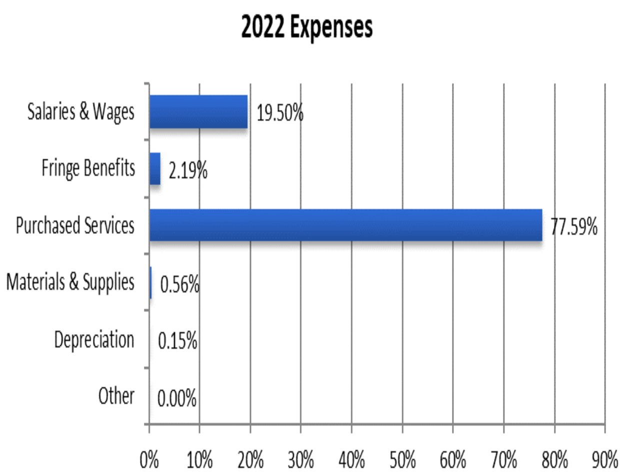
Salaries and wages increased during 2022 due to staffing changes and salary increases. Fringe benefits decreased due to pension and OPEB accounting. Purchased services decreased due to the decrease in enrollment. Supplies and materials increased in 2022. Depreciation increased with the addition of new capital assets.

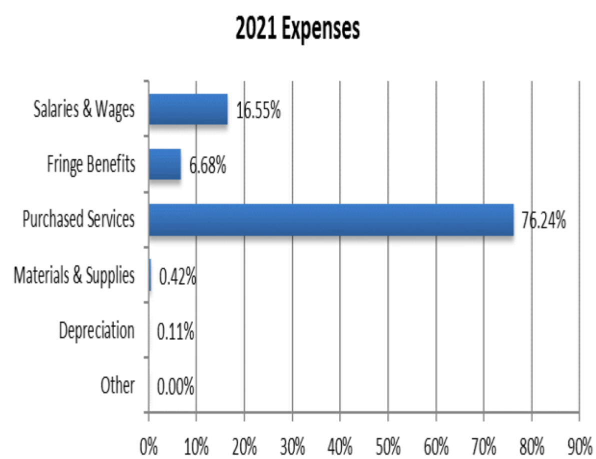
The charts below illustrate the revenues for the School during fiscal 2022 and 2021:





The charts below illustrate the expenses for the School during fiscal 2022 and 2021:





Capital Assets

At June 30, 2022, the School had $22,911 invested in technology and equipment. Capital assets increased a net of $8,403 in 2022, which represents depreciation, additions, and disposals. See Note 5 to the basic financial statements for more detail on capital assets.

Debt Administration

The School had no outstanding debt as of June 30, 2022.

Current Financial Related Activities

The School is sponsored by the Educational Service Center of Central Ohio. The School is reliant upon State Foundation monies and Federal Grants to offer quality, educational services to students. In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students.

Contacting the School's Financial Management

This financial report is designed to provide our stakeholders and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you need additional financial information, contact Heather Kronewetter, Superintendent, or Johanna Gladman, CPA, Fiscal Officer.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2022

Assets:		
Current assets:		
Cash	$	527,079
Accounts Receivable		1,506
Intergovernmental Receivable		35,067
Prepaids		7,354
Total current assets		571,006
Non-current assets:		
Security deposit		32,000
Net OPEB Asset		120,538
Capital assets, net		22,911
Total non-current assets		175,449
Total assets		746,455
Deferred Outflows of Resources:		
Pension		524,610
Other Post Employment Benefits		112,134
Total Deferred Outflows of Resources		636,744
Liabilities:		
Current liabilities:		
Accounts payable		51,498
Accrued wages and benefits		86,209
Intergovernmental payable		25,766
Total current liabilities		163,473
Long-term liabilities:		
Compensated absences		91,149
Net Pension Liability		1,291,721
Other Post Employment Benefits Liability		264,757
Total long term liabilities		1,647,627
Total liabilities		1,811,100
Deferred Inflows of Resources:		
Pension		1,006,655
Other Post Employment Benefits		345,010
Total Deferred Inflows of Resources		1,351,665
Net Position:		
Net Investment in Capital Assets		22,911
Restricted for:		
Security deposit		32,000
Unrestricted		(1,834,477)
Total Net Position	$	(1,779,566)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Operating revenues:		
State foundation	$	6,505,604
Other		200
Total operating revenues		6,505,804
Operating expenses:		
Salaries and wages		1,314,916
Fringe benefits		147,893
Purchased services		5,231,363
Materials and supplies		37,518
Depreciation		10,158
Other		200
Total operating expenses		6,742,048
Operating loss		(236,244)
Non-operating revenues:		
Federal and State grants		221,649
Casino Revenues		14,518
Donations		1,936
Interest income		107
Total non-operating revenues		238,210
Change in Net Position		1,966
Net Position at beginning of year		(1,781,532)
Net Position at end of year	$	(1,779,566)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Cash received from State foundation	$ 6,526,529
Cash received from other operating activities	200
Cash payments for salaries and benefits	(1,674,645)
Cash payments to suppliers for goods and services	(5,263,242)
Cash payments for materials and supplies	(38,518)
Cash payments for other operating activities	(200)
Net cash used in operating activities	(449,876)
Cash flows from noncapital financing activities:	
Federal grants	203,406
Casino Revenue Distribution from State	14,518
Donations	1,936
Net cash provided by noncapital financing activities	219,860
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(18,561)
Net cash used in capital and related financing activities	(18,561)
Cash flows from investing activities:	
Interest received	107
Net cash provided by investing activities	107
Net decrease in cash and cash equivalents	(248,470)
Cash and cash equivalents at beginning of year	775,549
Cash and cash equivalents at end of year	$ 527,079
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (236,244)
Adjustments:	
Depreciation	10,158
Changes in assets and liabilities:	
Decrease in accounts receivable	2,035
Decrease in intergovernmental receivable	20,925
Increase in net other employment benefits asset	(15,475)
Decrease in prepayments	96
Decrease in accounts payable	(35,076)
Decrease in accrued wages and benefits	(18,278)
Increase in intergovernmental payable	11,064
Decrease in compensated absences payable	(2,035)
Decrease in net pension liability	(1,072,337)
Decrease in other employment benefits liability	(13,185)
Changes in deferred outflows/inflows:	
Increase in deferred outflow	(54,600)
Increase in deferred inflow	953,076
Net cash used in operating activities	$ (449,876)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL

Oakstone Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(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 specializes in providing educational services to special needs children with Autism Spectrum Disorders. Specific activities in support of the School include general teaching, therapy and socialization activities. The School, which is part of the state's education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School began operations on October 4, 2004. The School contracted with the Educational Service Center of Central Ohio (the "Sponsor") for a period of five years commencing July 1, 2019.

The School operates under the direction of a self-appointed Board of Trustees. The Board operates with a minimum of five members. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The School was staffed by 12 certificated personnel and 14.26 non-certified staff members who provided services to 224 students (217.18 full time equivalents) during fiscal year 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The School uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income or loss, changes in net position, financial position, and cash flows.

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position. The Statement of Cash Flows reflects how the School finances meet its cash flow needs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting determines when transactions are recognized 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 party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specific 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.

D. Budgetary Process

Unlike traditional public schools located in the State of Ohio, the School is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast which is updated annually in October and May of each fiscal year.

E. Cash

Cash received by the School is reflected as "Cash" on the Statement of Net Position. The School did not have any investments during the period ended June 30, 2022. Cash and Cash Equivalents on the Statement of Cash Flows is considered to be all cash held by the School.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The School maintains a capitalization threshold of $1,000. The School does not have 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 capitalized. The School does not capitalize interest.

All capital assets are depreciated. The School's capital assets consist of technology and equipment. Depreciation is computed using the straight-line method. Technology and equipment are depreciated over five years.

G. Compensated Absences

Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employee's 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. Unused sick leave is banked for use during the following school year but is only paid out upon resignation or termination after ten years of employment with the School. The Superintendent and Fiscal Officer contracts contain a provision for payment of 25% of sick leave to be paid upon termination or resignation at the current rate of pay. The School records a liability for employees with accumulated unused vacation leave when earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Prepayments

Payments made to vendors or employees for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment by the School and the expense is recorded when used. The School has prepaid items of $7,354 at June 30, 2022.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the Statement of Net Position for pension and other postemployment benefits (OPEB).

In addition to liabilities, the Statement of Net 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 and will not be recognized until that time. For the School, deferred inflows of resources are reported for pension and OPEB.

Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension liability and net OPEB liability, 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 positon 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.

J. Net Position

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

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The School had restricted net position related to amounts held by a lessor as part of the School's lease agreement totaling $32,000.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Estimates

The preparation of financial statements in conformity with GAAP 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 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

GASB 87 addresses accounting for capital leases. The implementation of GASB 87 had no effect on beginning net position.

NOTE 4 – DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2022, the carrying amount of the School's deposits was $527,079 and the bank balance was $547,723. Federal Deposit Insurance Corporation (FDIC) covered $250,000 of the bank balance. The remaining amount was collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. There are no significant statutory restrictions regarding the deposit and investment of funds by the School.

NOTE 5 - CAPITAL ASSETS

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

	June 30, 2021	Additions	Disposals	June 30, 2022
Depreciable capital assets:				
Equipment	$ 57,559	$ 18,561	$ (5,095)	$ 71,025
Less: accumulated depreciation	(43,051)	(10,158)	5,095	(48,114)
Capital assets, net	$ 14,508	$ 8,403	$ -	$ 22,911

NOTE 6 - BUILDING LEASE AND SECURITY DEPOSIT

The School operations are located in space leased from the Children's Center for Developmental Enrichment (CCDE). As part of the original lease agreement from fiscal year 2005, the School was required to pay a security deposit of $32,000. This amount is being held by the Lessor and will be remitted to the School at the end of the lease if all lease commitments are paid. The lease agreement for fiscal year 2022 was for one year and required $234,333 in lease payments. The lease expired on June 30, 2022, but was renewed for fiscal year 2023.

NOTE 7 - RECEIVABLES

The School had accounts receivable of $1,506 as of June 30, 2022. The School also had $35,067 in intergovernmental receivables at June 30, 2022.

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.

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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

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, may 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.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2022, 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 2022.

The School's contractually required contribution to SERS was $80,836 for fiscal year 2022.

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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

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. 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 until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. 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 plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2022 contribution rates were equal to the statutory maximum rates.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

The School's contractually required contribution to STRS was $106,118 for fiscal year 2022.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an 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	0.01519920%	0.00571657%	
Prior Measurement Date	0.01387260%	0.00597813%	
Change in Proportionate Share	0.00132660%	-0.00026156%	
Proportionate Share of the Net Pension Liability	$ 560,806	$ 730,915	$ 1,291,721
Pension Expense	$ 13,423	$ (14,169)	$ (746)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

At June 30, 2022, 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	$ 54	$ 22,580	$ 22,634
Changes of Assumptions	11,809	202,769	214,578
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	62,278	38,166	100,444
School Contributions Subsequent to the Measurement Date	80,836	106,118	186,954
Total Deferred Outflows of Resources	$ 154,977	$ 369,633	$ 524,610
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 14,544	$ 4,582	$ 19,126
Net Difference between Projected and Actual Earnings on Pension Plan Investments	288,831	629,912	918,743
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	-	68,786	68,786
Total Deferred Inflows of Resources	$ 303,375	$ 703,280	$ 1,006,655

$186,954 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (27,485)	$ (112,164)	$ (139,649)
2024	(44,422)	(82,285)	(126,707)
2025	(68,674)	(108,861)	(177,535)
2026	(88,653)	(136,455)	(225,108)
Total	$ (229,234)	$ (439,765)	$ (668,999)

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 2132.

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

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

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

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

The long-term return expectation for the 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

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.00 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 23-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 (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was 28.18 percent.

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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 933,044	$ 560,806	$ 246,882

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 June 30, 2021, actuarial valuation, are presented below:

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	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 %	

*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 pension liability was 7.00 percent as of June 30, 2021. 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

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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 measured as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 1,368,730	$ 730,915	$ 191,962

Assumption and Benefit Changes since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

See Note 8 for a description of the net pension 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

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, 2022, 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 2022, this amount was $25,000. 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 2022, the School's surcharge obligation was $3,080.

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 partial premium reimbursements will be continued indefinitely. 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, 2022, STRS did not allocate any employer contributions to post-employment health care.

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, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The 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	0.01398900%	0.00571700%	
Prior Measurement Date	0.01278900%	0.00597800%	
Change in Proportionate Share	0.00120000%	-0.00026100%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 264,757	$ (120,538)	
OPEB Expense	$ (856)	$ (10,885)	$ (11,741)

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

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

At June 30, 2022, 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	$ 2,822	$ 4,292	$ 7,114
Changes of Assumptions	41,532	7,699	49,231
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	52,709	-	52,709
School Contributions Subsequent to the Measurement Date	3,080	-	3,080
Total Deferred Outflows of Resources	$ 100,143	$ 11,991	$ 112,134
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 131,860	$ 22,088	$ 153,948
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	5,751	33,411	39,162
Changes of Assumptions	36,255	71,909	108,164
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	36,155	7,581	43,736
Total Deferred Inflows of Resources	$ 210,021	$ 134,989	$ 345,010

$3,080 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (25,158)	$ (35,393)	$ (60,551)
2024	(25,201)	(34,554)	(59,755)
2025	(30,121)	(34,041)	(64,162)
2026	(23,699)	(14,309)	(38,008)
2027	(7,357)	(4,787)	(12,144)
Thereafter	(1,422)	86	(1,336)
Total	$ (112,958)	$ (122,998)	$ (235,956)

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate	
Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	6.750 percent - 4.40 percent
Medicare	5.125 percent - 4.40 percent

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer 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.

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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 (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 328,061	$ 264,757	$ 214,178

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 203,838	$ 264,757	$ 346,117

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, 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	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

The actuarial assumptions used in the June 30, 2021 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 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 %	

*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 7.00 percent as of June 30, 2021. 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 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

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 measured as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2021, 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)	$ (101,716)	$ (120,538)	$ (136,262)

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (135,625)	$ (120,538)	$ (101,883)

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

Assumption Changes Since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 10 - EMPLOYEE BENEFITS

The School offers healthcare, dental, and vision insurance for all eligible employees. The School pays a portion of the monthly premium for healthcare, dental, and vision benefits, and the employee is responsible for the remainder. The School provides basic life and accidental death and dismemberment insurance to employees. Employees also have the option of paying for additional life insurance benefits above the basic level. The School also provides short term disability benefits for eligible employees. Employees have the option of paying for long term disability benefits.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

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 2022, the School contracted with Cincinnati Insurance Co. for insurance as follows:

Insurance Type	Coverage	Deductible
Property Insurance	$ 250,000	$ 2,500
Business Interruption	250,000	-
Computer Equipment, Data, Software	140,000	500
Crime - Employee Theft, Dishonesty	250,000	2,500
General Liability	1,000,000 per occurrence/2,000,000 aggregate	-
Personal and Advertising Injury	1,000,000 per occurrence/2,000,000 aggregate	
Abuse/Molestation	1,000,000 per person/2,000,000 aggregate	-
Ohio Stop Gap Liability	1,000,000	-
Professional Liability	1,000,000 each incident/2,000,000 aggregate	-
Auto - Hired and Non-Owned Auto	1,000,000	-
Directors and Officers	2,000,000 per occurrence/4,000,000 aggregate	-
Employment Practices	2,000,000 per occurrence/4,000,000 aggregate	-
Workplace Violence	1,000,000 per occurrence/4,000,000 aggregate	-
Accident Medical Expense Benefits	25,000 maximum	-
Umbrella Policy - Auto, General, Stop Gap, Professional Liability	5,000,000 per occurrence/annual aggregate	-

The amount of settlements did not exceed insurance coverage for any of the past three years. There has not been a significant reduction in coverage from the prior year.

NOTE 11 - RISK MANAGEMENT (continued)

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. No premium was owed as of June 30, 2022. The amount prepaid for the period July 1, 2022, through December 31, 2022, is included in prepaid assets.

NOTE 12 – COMPENSATED ABSENCES

The following is a summary of compensated absences for fiscal year 2022:

	6/30/2021	Additions	Deletions	6/30/2022
Compensated Absences	$93,184	$0	($2,035)	$91,149

NOTE 13 - PURCHASED SERVICES

For the fiscal year ended June 30, 2022, purchased services expenses were as follows:

Rent	$ 234,333
Administrative Support Services (see Note 14 c)	34,685
Program Support Services (see Note 14 c)	86,836
Summer Services	88,826
Placement/Educational Services (see Note 14 b)	4,454,333
Student Wellness COVID intervention services	51,653
College Credit Plus Fees	6,245
Related Services	176,480
Sponsor Services (see Note 14 a)	34,750
Audit Services	7,312
Attorney and Related Fees	11,924
Professional Memberships and Training/Development	5,145
Professional Services - Medicaid in Schools Program	6,203
Benefits Management Services	2,326
Other (Advertising, Mail, etc.)	3,079
Insurance	17,627
Computer Consortium and EMIS Services	9,606
Total	$ 5,231,363

NOTE 14 - CONTRACTS

A. Sponsor Contract

The School entered into a five-year contract commencing on July 1, 2019 and continuing through June 30, 2024 with the Educational Service Center of Central Ohio (the "Sponsor") for sponsorship services. The School pays the Sponsor $160 per full time equivalent per year for these services. Expenses for sponsor services amounted to $34,750 during fiscal year 2022.

NOTE 14 – CONTRACTS (continued)

B. Placement/Educational Services Contracts

The School entered into service contracts with CCDE to provide for placement and/or educational services to certain students in order to assist the School in meeting the educational needs and to provide the necessary services of the students' Individual Educational Plans. The required amount due to CCDE under the contracts was $4,454,333. The School paid the full amount owed during fiscal year 2022.

C. Support Services Contracts

The School entered into service agreements with CCDE for the provision of the following services: technology services for the period August 1, 2021 through July 31, 2023 in the amount of $2,750 per month; program support for the period July 1, 2021 through June 30, 2022 in the amount of $86,836; and payroll/human resources services for the period of June 7, 2021 through August 31, 2021 in the amount of $150 per week and for the period September 1, 2021 through January 31, 2022 in the amount of $50 per hour as needed. The School paid the full amounts owed during fiscal year 2022.

NOTE 15 - CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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 June 30, 2022.

B. Foundation Funding

The School's Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Legislative changes to the funding formula that the Ohio Department of Education is required to use to calculate the School's funding were implemented beginning in the 2014-2015 school year. These changes result in potential adjustments to the School's enrollment information (based on changes made by traditional districts) and funding that extend well past the fiscal year end. The financial statements include a receivable of $2,685 for final adjustments for the fiscal year ended June 30, 2022. As discussed above, additional FTE adjustments for fiscal year 2022 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2022 financial statements, related to additional reconciliation necessary with these contracts/agreements, is not determinable. ODE and management believe any additional enrollment adjustments could result in either a receivable to or liability of the School.

NOTE 16 - DEBT

The School had no long term debt outstanding at June 30, 2022. See Note 8 for net pension liability, note 9 for net OPEB liability, and Note 12 for compensated absences.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employee's Retirement System of Ohio
Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
School's Proportion of the Net Pension Liability	0.0151992%	0.0138726%	0.0129764%	0.0152754%	0.0126234%	0.0120238%	0.012438%	0.015134%	0.016517%
School's Proportionate Share of the Net Pension Liability	$560,806	$917,563	$776,401	$874,850	$754,220	$880,031	$709,741	$765,923	$982,213
School's Covered-Employee Payroll	$524,636	$486,343	$434,904	$491,600	$423,226	$373,414	$397,754	$466,767	$347,658
School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	106.89%	188.67%	178.52%	177.96%	178.21%	235.67%	178.44%	164.09%	282.52%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Amounts presented as of the School's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00571657%	0.00597813%	0.00604490%	0.00554693%	0.00590357%	0.00585384%	0.00478808%	0.00655615%	0.00635014%
School's Proportionate Share of the Net Pension Liability	$730,915	$1,446,495	$1,336,793	$1,219,645	$1,402,406	$1,959,457	$1,323,285	$1,594,683	$1,839,886
School's Covered-Employee Payroll	$705,386	$721,464	$718,657	$630,593	$649,029	$615,936	$499,557	$648,807	$571,190
School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	103.62%	200.49%	186.01%	193.41%	216.08%	318.13%	264.89%	245.79%	322.11%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.80%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Amounts presented as of the School's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of School Contributions
School Employee's Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$80,836	$73,449	$68,088	$58,712	$66,366	$59,252	$52,278	$52,424	$64,694	$48,116
Contributions in relation to the contractually required contribution	(80,836)	(73,449)	(68,088)	(58,712)	(71,966)	(58,536)	(53,496)	(63,856)	(64,694)	(48,116)
Contribution Deficiency (excess)	0	0	0	0	-5,600	716	-1,218	-11,432	0	0
School Covered-Employee Payroll	$565,407	$524,636	$486,343	$434,904	$491,600	$423,226	$373,414	$397,754	$466,767	$347,658
Contribution as a Percentage of Covered Employee Payroll	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$106,118	$98,754	$101,005	$100,612	$88,283	$90,864	$86,231	$69,938	$90,833	$74,255
Contributions in relation to the contractually required contribution	(106,118)	(98,754)	(101,005)	(100,612)	(87,540)	(92,392)	(81,256)	(80,946)	(93,780)	(74,255)
Contribution Deficiency (excess)		0	0	0	743	-1,528	4,975	-11,008	-2,947	0
School Covered-Employee Payroll	$757,983	$705,386	$721,464	$718,657	$630,593	$649,029	$615,936	$499,557	$648,807	$571,190
Contribution as a Percentage of Covered Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability
School Employee's Retirement System of Ohio
Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
School's Proportion of the Net OPEB Liability	0.013989000%	0.012789000%	0.012125000%	0.000141860%	0.000118582%	0.000118582%
School's Proportionate Share of the Net OPEB Liability	$264,757	$277,942	$304,923	$393,558	$318,244	$338,003
School's Covered-Employee Payroll	$524,636	$486,343	$434,904	$491,600	$423,226	$373,414
School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	50.46%	57.15%	70.11%	80.06%	75.19%	90.52%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

Amounts presented as of the School's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
School's Proportion of the Net OPEB Liability (Asset)	0.00571700%	0.00597800%	0.00604500%	0.00554693%	0.00590357%	0.00590357%
School's Proportionate Share of the Net OPEB Liability (Asset)	($120,538)	($105,063)	($100,120)	($89,134)	$230,335	$315,724
School's Covered-Employee Payroll	$705,386	$721,464	$718,657	$630,593	$649,029	$615,936
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of it's Covered-Employee Payroll	-17.09%	-14.56%	-13.93%	-14.13%	35.49%	51.26%
Plan Fiduciary Net Position as a Percentage of Total Net OPEB Liability (Asset)	174.73%	182.13%	174.70%	175.99%	47.10%	37.30%

(1) Information prior to 2016 is not available

Amounts presented as of the School's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of School OPEB Contributions
School Employee's Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required OPEB Contributions (1)	$3,080	$1,216	$616	$2,175	$2,458	$2,061	$0	$5,256	$4,762	$3,690
OPEB Contributions in relation to the contractually required contribution	(3,080)	(1,216)	(616)	(2,175)	(2,458)	(2,061)	-	(5,256)	(4,762)	(3,690)
Contribution Deficiency (excess)	0	0	0	0	0	0	0	0	0	0
School Covered-Employee Payroll	$565,407	$524,636	$486,343	$434,904	$491,600	$423,226	$373,414	$397,754	$466,767	$347,658
OPEB Contribution as a Percentage of Covered Employee Payroll	0.54%	0.23%	0.13%	0.50%	0.50%	0.49%	0.00%	1.32%	1.02%	1.06%

(1) includes surcharge

See accompanying notes to the required supplementary information.

OAKSTONE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of School OPEB Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required OPEB Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$6,575	$5,682
OPEB Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	(6,575)	(5,682)
Contribution Deficiency (excess)	0	0	0	0	0	0	0	0	0	0
School Covered-Employee Payroll	$757,983	$705,386	$721,464	$707,848	$630,593	$649,029	$615,936	$499,557	$648,807	$571,190
OPEB Contribution as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%	0.99%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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 Benefit Terms - SERS

For fiscal year 2021, cost-of-living adjustments was reduced from 2.50 percent to 2.00 percent.

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 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 - 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 2022	1.92 percent
Fiscal year 2021	2.45 percent
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 2022	2.27 percent
Fiscal year 2021	2.63 percent
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 Trend Assumption

Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
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 Trend Assumption

Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
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 Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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.

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

Changes in Assumptions – STRS (continued)

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 – STRS

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

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.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Oakstone Community School
5747 Cleveland Avenue
Columbus, Ohio 43231

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Oakstone Community School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 11, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Gahanna, Ohio
November 11, 2022

OHIO AUDITOR OF STATE
KEITH FABER

OAKSTONE COMMUNITY SCHOOL

FRANKLIN 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 12/13/2022

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