



OHIO AUDITOR OF STATE
KEITH FABER



**CLIFF PARK HIGH SCHOOL
CLARK COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Cliff Park High School
Clark County
821 North Limestone Street
Springfield, Ohio 45503

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Cliff Park High School, Clark County, Ohio (the School), as of and for the fiscal 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Cliff Park High School, Clark County, Ohio as of June 30, 2022, and the change in financial position and its cash flows for the fiscal 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. 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2022, the School adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Keith Faber
Auditor of State
Columbus, Ohio

May 1, 2023

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CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022 (Unaudited)

The discussion and analysis of the Cliff Park High School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal 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.

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

FINANCIAL HIGHLIGHTS

- Net position increased \$720,645 which represents a 108 percent increase from 2021. The increase is the result of the increase in cash and cash equivalents.
- Total assets increased \$662,722, which represents a 15 percent increase from 2021. The increase was due to the increase in cash and cash equivalents.
- Liabilities decreased \$880,354, which represents a 21 percent decrease from 2021. The decrease is the result of the decrease in the net pension liability.
- Total Operating and Non-Operating revenues were \$3,696,285. Total Operating expenses and Non-Operating expenses were \$2,975,640.

USING THIS FINANCIAL REPORT

This report consists of three parts: required supplementary information, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position reflect how the School did financially during fiscal year 2022.

These statements report the School's net position and change in that position. This change in net position is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's' student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The Statement of Cash Flows provides information about how the School finances and meets the cash flow needs of its operations. The School uses enterprise presentation for all of its activities.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (Unaudited)**

Statement of Net Position - The Statement of Net Position answers the question of how the School did financially during 2022. This statement includes all assets, deferred outflows of resources, and liabilities, deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net position for fiscal years 2022 and 2021.

Table 1 Statement of Net Position		2022	Restated 2021
		<u>2022</u>	<u>2021</u>
Assets			
Current Assets		\$ 2,721,117	\$ 2,054,856
Non Current Assets		<u>2,282,684</u>	<u>2,286,223</u>
Total Assets		<u>5,003,801</u>	<u>4,341,079</u>
Deferred Outflows of Resources		<u>813,347</u>	<u>743,921</u>
Liabilities			
Current Liabilities		197,774	223,955
Non-Current Liabilities		<u>3,126,789</u>	<u>3,980,962</u>
Total Liabilities		<u>3,324,563</u>	<u>4,204,917</u>
Deferred Inflows of Resources		<u>1,103,802</u>	<u>211,945</u>
Net Position			
Net Investment in Capital Assets		214,385	186,435
Unrestricted		<u>1,174,398</u>	<u>481,703</u>
Total Net Position		<u>\$ 1,388,783</u>	<u>\$ 668,138</u>

Total assets increased \$662,722, which represents a 15 percent increase from 2021. This was primarily due to an increase in cash and cash equivalents. Total liabilities decreased \$880,354 which represents a 21 percent decrease from 2021. The decrease is due to a decrease in net pension liability.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022 (Unaudited)

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

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the 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.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (Unaudited)**

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the School's net position totaled \$1,388,783.

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CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (Unaudited)

Statement of Revenues, Expenses and Change in Net Position - Table 2 shows the change in net position for fiscal years 2022 and 2021, as well as a listing of revenues and expenses. 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 cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2
Change in Net Position

	2022	2021
Operating Revenues		
State Aid	\$ 2,947,939	\$ 2,860,007
Other	13,445	10,737
Total Operating Revenues	2,961,384	2,870,744
Operating Expenses		
Purchased Services: Salaries and Benefits	987,258	1,052,392
Purchased Services: Management Fees	531,405	521,909
Pension/OPEB Expense	137,740	410,128
Sponsor Fees	83,575	84,152
Legal Fees	30,737	24,955
Audit & Accounting	42,970	38,740
Other Professional Services	267,390	136,866
Other Purchased Services	186,734	248,098
Supplies	320,345	346,883
Depreciation	214,971	119,875
Miscellaneous	73,070	26,187
Total Operating Expenses	2,876,195	3,010,185
Operating Income (Loss)	85,189	(139,441)
Non-Operating Revenues/ (Expenses)		
Federal and State Restricted Grants	709,901	620,291
Other Grants	25,000	-
Lease Loan Interest Expense	(30,510)	(33,065)
Lease Interest Expense	(68,935)	-
Total Revenues/ (Expenses)	635,456	587,226
Change in Net Position	\$ 720,645	\$ 447,785

Operating expenses decreased \$133,990 from 2021. This was due to net pension/OPEB expense due to changes in GASB 68 and 75.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022 (Unaudited)

BUDGET

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the Community School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the School has developed a one-year spending plan and a five-year projection that is reviewed periodically by the Board of Directors. The five-year projections are also submitted to the Sponsor and the Ohio Department of Education.

CAPITAL ASSETS

At the end of fiscal year 2022 the School had \$2,155,613 in net capital assets reported. See Note 5 for further information.

LEASE OBLIGATIONS

At fiscal year end, the School had \$1,941,228 in outstanding lease obligations. This includes an amount of \$65,844 due within one year. For more information on lease obligations, see Note 6 of the Basic Financial Statements.

CURRENT FINANCIAL ISSUES

The Cliff Park High School received revenue for 230 students in 2022 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries. The School receives its support almost entirely from State Aid. Per pupil revenue from State Aid for the School averaged \$12,817 in fiscal year 2022. The School receives additional revenues from grant subsidies.

CONTACTING SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact David Massa, Fiscal Officer for the Cliff Park High School, 821 N. Limestone Street Springfield, Ohio 45503 or e-mail at dave@massasolutionsllc.com.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO
Statement of Net Position
June 30, 2022

Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,642,041
Grants Receivable	56,186
Other Receivable	22,890
Total Current Assets	2,721,117
Noncurrent Assets:	
Net OPEB Asset	127,071
Capital Assets, net of Accumulated Depreciation	2,155,613
Total Non-Current Assets	2,282,684
Total Assets	5,003,801
Deferred Outflows of Resources:	
Pension (STRS & SERS)	695,625
OPEB (STRS & SERS)	117,722
Total Deferred Outflows of Resources	813,347
Liabilities:	
Current Liabilities:	
Accounts Payable	69,302
Accrued Expenses	30,695
Intergovernmental Payable	31,933
Lease Loan Payable, Due within one year	53,700
Current Portion of Lease Liability	12,144
Total Current Liabilities	197,774
Noncurrent Liabilities:	
Lease Loan Payable, Due beyond one year	510,878
Non-Current Portion of Lease Liability	1,364,506
Net Pension Liability	1,097,552
Net OPEB Liability	153,853
Total Noncurrent Liabilities	3,126,789
Total Liabilities	3,324,563
Deferred Inflows of Resources:	
Pension (STRS & SERS)	854,400
OPEB (STRS & SERS)	249,402
Total Deferred Inflows of Resources	1,103,802
Net Position:	
Net Investment in Capital Assets	214,385
Unrestricted Net Position	1,174,398
Total Net Position	\$ 1,388,783

See Accompanying Notes to the Basic Financial Statements

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2022

Operating Revenues:	
State Aid	\$ 2,947,939
Other Revenue	13,445
Total Operating Revenues	<u>2,961,384</u>
Operating Expenses:	
Purchased Services: Salaries and Benefits	987,258
Purchased Services: Management Fees	531,405
Pension/OPEB Expense	137,740
Sponsor Fees	83,575
Legal	30,737
Audit and Accounting	42,970
Other Purchased Services	186,734
Other Professional Services	267,390
Supplies	320,345
Depreciation	214,971
Miscellaneous	73,070
Total Operating Expenses	<u>2,876,195</u>
Operating Income	85,189
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	709,901
Other Grants	25,000
Lease Loan Interest Expense	(30,510)
Lease Interest Expense	(68,935)
Net Non-operating Revenues and (Expenses)	<u>635,456</u>
Change in Net Position	720,645
Net Position - Beginning of Year	668,138
Net Position - End of Year	<u>\$ 1,388,783</u>

See Accompanying Notes to the Basic Financial Statements

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
State Aid Receipts	\$ 2,932,971
Miscellaneous	13,445
Cash Payments to Suppliers for Goods and Services	<u>(2,687,658)</u>
Net Cash Provided By Operating Activities	<u>258,758</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Grants	25,000
Federal and State Grant Receipts	<u>744,704</u>
Net Cash Provided By Noncapital Financing Activities	<u>769,704</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Assets	(175,333)
Lease Loan Principal Payments	(51,011)
Lease Loan Interest Payments	(30,510)
Lease Interest Payments	(68,935)
Lease Principal Payments	<u>(16,577)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(342,366)</u>
 Net Increase in Cash and Cash Equivalents	 686,096
 Cash and Cash Equivalents - Beginning of the Year	 <u>1,955,945</u>
Cash and Cash Equivalents - Ending of the Year	<u><u>\$ 2,642,041</u></u>

See Accompanying Notes to the Basic Financial Statements

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022
(Continued)

Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income	\$ 85,189
 Adjustments to Reconcile Operating Income to	
Net Cash Provided By Operating Activities:	
Depreciation	214,971
 Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/ Decrease in Other Receivables	(14,968)
(Increase)/ Decrease in Net OPEB Asset	(36,099)
(Increase)/ Decrease in Deferred Outflows Pension/OPEB	(69,426)
Increase/(Decrease) in Accounts Payable	(53,274)
Increase/(Decrease) in Accrued Expenses	29,333
Increase/(Decrease) in Intergovernmental Payable	(497)
Increase/ (Decrease) in Net Pension/OPEB Liability	(788,328)
Increase/ (Decrease) in Deferred Inflows Pension/OPEB	891,857
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 258,758</u></u>

See Accompanying Notes to the Basic Financial Statements

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Cliff Park High School (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702. The School specializes in providing students in grades 9-12 with an authentic learning experience in a collaborative, nurturing environment. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

Effective July 1, 2020 the School agreed to a five-year contract with Oakmont Education, LLC through June 30, 2025 to oversee most of the operations of the School. (See Note 8)

The School signed a contract with St. Aloysius Orphanage (Sponsor) effective July 1, 2018, for a term of 5 years through June 30, 2023 and in April 2020, agreed to additional two year extension through June 30, 2025.

The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. 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 qualifications of teachers. The School has one instructional/support facility, which is leased by the Board. The Board also operates and serves on the Board of Marshall High School in Middletown, Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation - The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

The Government Accounting Standards Board identifies the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting - The accounting and financial reporting treatment is determined by measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. Under this measurement focus, all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources are included on the Statement of Net Position. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process - Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2022. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

Cash and Cash Equivalents - All cash received by the School is maintained in a demand deposit account and a money market account.

Intergovernmental Revenues - The School currently participates in the State Foundation Program, the State Economic Disadvantaged Program, and the Career Based Intervention (CBI) Program, which are reflected under "State Aid" on the Statement of Revenues, Expenses and Change in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2022 school year totaled \$3,657,840.

Capital Assets and Depreciation - For purposes of recording capital assets, the Board has a capitalization threshold of \$5,000. For fiscal year 2022, the School's capital assets consisted of computers and equipment with a cost, net of accumulated depreciation at \$166,409. Depreciation is computed by the straight-line method over three years for "Computers and Equipment".

Aside from those mentioned above, the School also recorded leasehold improvements, which are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation at \$655,687. Depreciation is computed by the straight-line method over 5 - 25 years for "Leasehold Improvements" (see Note 5).

The School is reporting an intangible right to use assets related to leased buildings, structures, and improvements. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Use of Estimates - In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position - Net position represents the difference between (all assets plus deferred outflows of resources) less (all liabilities, plus deferred inflows of resources). Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by any outstanding capital related debt. 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 contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period 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 OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

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 include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position and explained further in Notes 9 and 10.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 - DEPOSITS

Deposits with Financial Institutions - At June 30, 2022, the carrying amount of all School deposits was \$2,642,041 and its bank balance was \$2,645,766. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2022, \$2,145,766 of the School's bank balance of \$2,645,766 was exposed to custodial risk as discussed below, while \$500,000 of the bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has no deposit policy for custodial credit risk beyond the requirements of state statute. According to state law, public depositories must give security for all public funds on deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. State law does not require security for public deposits and investments to be maintained in the School's name. During 2022, the School and public depositories complied with the provisions of these statutes. As of June 30, 2022, the School has no investments.

NOTE 4 - RECEIVABLES

The School has recorded grant receivables and other receivables of \$56,186 and \$22,890, respectively to account for amounts earned, but not received as of June 30, 2022.

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CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022****NOTE 5 - CAPITAL ASSETS**

For the year ended June 30, 2022, the School's capital assets consisted of the following:

	Restated Balance 06/30/21	Additions	Deletions	Balance 06/30/22
Capital Assets:				
Computers & Equipment	\$ 189,621	\$ 175,333	\$ -	\$ 364,954
Leasehold Improvements	916,688	-	-	916,688
Intangible Right to Use - Leased Building	1,393,227	-	-	1,393,227
Total Capital Assets	<u>2,499,536</u>	<u>175,333</u>	<u>-</u>	<u>2,674,869</u>
Less Accumulated Depreciation:				
Computers & Equipment	(119,674)	(78,871)	-	(198,545)
Leasehold Improvements	(184,611)	(76,390)	-	(261,001)
Intangible Right to Use - Leased Building	0	(59,710)	-	(59,710)
Total Accumulated Depreciation	<u>(304,285)</u>	<u>(214,971)</u>	<u>-</u>	<u>(519,256)</u>
Net Depreciable Capital Assets	<u>2,195,251</u>	<u>(39,638)</u>	<u>-</u>	<u>2,155,613</u>
Total Capital Assets, Net	<u>\$ 2,195,251</u>	<u>\$ (39,638)</u>	<u>\$ -</u>	<u>\$ 2,155,613</u>

NOTE 6- LEASE OBLIGATIONS

On September 20, 2017, the School entered into a lease with Steven C. Bruce for 13,657 square feet of space located at 815 and 821 North Limestone Street Springfield, Ohio 45505. The term of the lease is for a period of twelve years with the option to renew for three terms of five years each. Base rent will increase by the lesser of the overall increase in the Consumer Price Index or two percent. The incremental borrowing rate on the lease is 6%. At year end, accumulated depreciation on the leased buildings totaled \$59,710, with a net book value of \$1,333,517.

The School has outstanding agreements to a lease building. Due to the implementation of GASB Statement 87, this lease has met the criteria of leases, thus requiring it to be recorded by the School. The future lease payments were discounted based on the interest rate implicit in the lease or using the School's incremental borrowing rate. This discount is being amortized over the life of the lease.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The table below discloses the current year activity on the lease and construction loan obligations.

	Restated Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Direct Borrowing:					
Building Lease Payable	\$ 1,393,227	\$ -	\$ (16,577)	\$ 1,376,650	\$ 12,144
Total Lease Payable	<u>1,393,227</u>	<u>-</u>	<u>(16,577)</u>	<u>1,376,650</u>	<u>12,144</u>
Direct Placement:					
Building Lease Construction Loan Payable	615,589	-	(51,011)	564,578	53,700
Total Loan Payable	<u>615,589</u>	<u>-</u>	<u>(51,011)</u>	<u>564,578</u>	<u>53,700</u>
Total Long-Term Obligations	<u>\$ 2,008,816</u>	<u>\$ -</u>	<u>\$ (67,588)</u>	<u>\$ 1,941,228</u>	<u>\$ 65,844</u>

Future minimum payments for principal and interest on the building lease are as follows:

Year	Principal	Interest	Total
2023	\$ 12,144	\$ 82,268	\$ 94,412
2024	14,833	81,467	96,300
2025	17,728	80,498	98,226
2026	20,841	79,350	100,191
2027	24,186	78,009	102,195
2028 - 2032	180,360	362,102	542,462
2033 - 2037	308,777	290,145	598,922
2038 - 2042	488,809	172,449	661,258
2043 - 2045	308,972	23,070	332,042
Total	<u>\$ 1,376,650</u>	<u>\$ 1,249,358</u>	<u>\$ 2,626,008</u>

In addition, as part of the lease the School was obligated to repay the landlord for the landlord's construction loan for the renovations. The School has recorded leasehold improvements and a lease obligation and paid \$51,011 in principal and \$30,510 in interest to the landlord for the fiscal year ended June 30, 2022. The following are the obligations for future years:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 53,700	\$ 27,820	\$ 81,520
2024	56,532	24,988	81,520
2025	59,513	22,007	81,520
2026	62,652	18,868	81,520
2027	65,955	15,565	81,520
2028-2032	266,226	25,860	292,086
Total	<u>\$ 564,578</u>	<u>\$ 135,108</u>	<u>\$ 699,686</u>

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 7 - RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with Oakmont, the School has contracted with The Cincinnati Insurance Company for property and general liability insurance pursuant to the Management Agreement (See Note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and a \$2,500 deductible.

NOTE 8 - AGREEMENT WITH OAKMONT EDUCATION, LLC

Effective July 1, 2020 the School agreed to a five-year contract with Oakmont Education, LLC (Oakmont) through June 30, 2025 to oversee most of the operations of the School. Thereafter, the agreement will automatically renew for additional successive three (3) year terms. Substantially most functions of the School have been contracted to Oakmont. Oakmont is responsible and accountable to the School's Board of Directors for the administration and day-to-day operations. As part of the terms of this agreement, the management fee of the School is 18 percent of the first one million dollars and 17 percent of any in excess of one million dollars, of the Schools total qualified gross revenues. As part of the agreement the School also reimburses Oakmont for the salaries and benefits of the employees. The amount paid by the School to Oakmont for salaries and benefits was \$987,258 and is included under the "Purchased Services" on the Statement of Revenues, Expenses and Change in Net Position.

The Board shall be responsible for paying fees to its Authorizer pursuant to the Charter plus its own directors and officers insurance, Facility payments, the Board's other contractual obligations, if any, and its own legal, accounting, auditing and professional fees. Oakmont acknowledges that pursuant to Ohio law, Oakmont's State Teachers Retirement System ("STRS") and State Employees Retirement System ("SERS") contributions on behalf of the Oakmont employees employed at the School will be withheld by the State of Ohio.

The School had purchased service expenses for the year ended June 30, 2022, to Oakmont of \$1,518,663 (of which \$531,405 is management fees), with payables to Oakmont of \$32,379 at June 30, 2022. Oakmont is responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, maintenance, capital, and insurance.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

The net pension liability 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 liability 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 are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 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 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 liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued expenses* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –School non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

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 the entire 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School’s contractually required contribution to SERS was \$40,309 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.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with 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 of their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The School's contractually required contributions to STRS was \$99,427 for fiscal year 2022. Of this amount, \$17,451 is reported as accrued expenses.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0090870%	0.005176200%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0088614%</u>	<u>0.006026880%</u>	
Change in Proportionate Share	<u>-0.0002256%</u>	<u>0.000850680%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 326,960	\$ 770,592	\$ 1,097,552
Pension Expense	\$ 19,949	\$ 108,111	\$ 128,060

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

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	\$ 32	\$ 23,808	\$ 23,840
Changes of assumptions	6,885	213,776	220,661
Changes in proportion and differences between contributions and proportionate share of contributions	15,118	296,270	311,388
School contributions subsequent to the measurement date	40,309	99,427	139,736
Total Deferred Outflows of Resources	\$ 62,344	\$ 633,281	\$ 695,625
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 8,479	\$ 4,830	\$ 13,309
Net difference between projected and actual earnings on pension plan investments	168,394	664,103	832,497
Changes in proportion and differences between contributions and proportionate share of contributions	8,594	-	8,594
Total Deferred Inflows of Resources	\$ 185,467	\$ 668,933	\$ 854,400

\$139,736 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 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	\$ (31,747)	\$ (9,266)	\$ (41,013)
2024	(39,960)	(8,760)	(48,720)
2025	(40,039)	(22,175)	(62,214)
2026	(51,686)	(94,878)	(146,564)
Total	\$ (163,432)	\$ (135,079)	\$ (298,511)

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal

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

The most recent experience study was completed June 30, 2020.

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

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$ 543,981	\$ 326,960	\$ 143,937

Changes since measurement date In September 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
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	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's 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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

pension plan investments of 7.00 percent was applied to all periods of projected benefit payment 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 presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the 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 rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$ 1,443,028	\$ 770,592	\$ 202,383

Changes since measurement date In March 2022, the board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and eliminated the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The final change to the phased-in age and service requirements will be made Aug. 1, 2023, when 35 years of service will be required for an unreduced retirement. In February 2022, the Board approve changes to demographic measures that will impact the June 30, 2022 actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. The effect on the net pension liability is unknown.

NOTE 10 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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 OPEB are financed; however, the School does receive the benefit of employees' services in exchange for compensation including OPEB.

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NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued expenses* on the accrual basis of accounting.

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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, there was no contribution made to health care. A 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 percent of that employer's SERS-covered

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$0 for fiscal year 2022.

Plan Description - State Teachers Retirement System (STRS)

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 monthly reimbursement elimination date was postponed 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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability and net OPEB asset were 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.0085695%	0.00517620%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	<u>0.0081293%</u>	<u>0.00602688%</u>	
Change in Proportionate Share	<u>-0.0004402%</u>	<u>0.00085068%</u>	
Proportionate Share of the Net OPEB Liability/(asset)	\$ 153,853	\$ (127,071)	\$ 26,782
OPEB Expense	\$ 13,322	\$ (3,642)	\$ 9,680

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 1,642	\$ 4,526	\$ 6,168
Changes of assumptions	24,136	8,116	32,252
Changes in proportion and differences between contributions and proportionate share of contributions	64,792	14,510	79,302
School contributions subsequent to the measurement date	-	-	-
Total Deferred Outflows of Resources	<u>\$ 90,570</u>	<u>\$ 27,152</u>	<u>\$ 117,722</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 76,625	\$ 23,283	\$ 99,908
Changes of assumptions	21,069	75,807	96,876
Net difference between projected and actual earnings on OPEB plan investments	3,340	35,223	38,563
Changes in proportion and differences between contributions and proportionate share of contributions	14,055	-	14,055
Total Deferred Inflows of Resources	<u>\$ 115,089</u>	<u>\$ 134,313</u>	<u>\$ 249,402</u>

\$0 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 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	\$ (794)	\$ (29,481)	\$ (30,275)
2024	(818)	(28,594)	(29,412)
2025	(5,496)	(30,238)	(35,734)
2026	(7,808)	(14,331)	(22,139)
2027	(6,034)	(4,704)	(10,738)
Thereafter	(3,569)	187	(3,382)
Total	<u>\$ (24,519)</u>	<u>\$ (107,161)</u>	<u>\$ (131,680)</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 compared with June 30, 2020, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Measurement Date	
Medicare	5.125 to 4.400 percent
Pre-Medicare	6.750 to 4.400 percent
Prior Measurement Date	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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 2015 through 2020, and was adopted by the Board in 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 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 timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

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 System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments of current System members by SERS actuaries. . The Municipal Bond Index Rate is used in the determination for 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% at June 30, 2021 and 2.45% at June 30, 2020.

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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 of the School, what the School's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the School's net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School's proportionate share of the net OPEB liability	\$ 190,643	\$ 153,853	\$ 124,463
	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School's proportionate share of the net OPEB liability	\$ 118,455	\$ 153,853	\$ 201,136

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 is presented below:

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 percent	
Inflation	2.50 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Actuarial assumptions used in the June 30, 2021 valuation is based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
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	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's 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 assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net OPEB asset	\$ 107,229	\$ 127,071	\$ 143,648

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	\$ 142,976	\$ 127,071	\$ 107,405

Benefit Term Changes Since the Prior Measurement Date

In February 2022, the Board approved changes to the demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 11 - CONTINGENCIES

Grants - Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

Litigation – There are currently no matters of litigation with the School as a defendant.

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. As of the date of this report, ODE has not performed an FTE review on the School for fiscal year 2022.

As of the date of this report, the impact of FTE adjustments to fiscal year 2022 foundation funding was a liability of \$31,933 which is reported as intergovernmental payable on the financial statements.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2022 have been completed. The impact on the fiscal year 2022 financial statements, related to the additional reconciliation necessary with these contracts, is not material to the financial statements.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 12 - FEDERAL TAX STATUS

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax-exempt organization.

NOTE 13 - SPONSORSHIP FEES

The School contracts with Saint Aloysius Orphanage as its sponsor. The School renewed its agreement with St. Aloysius July 1, 2018, for a term of 5 years through June 30, 2023 and in April 2020, agreed to additional two year extension through June 30, 2025. The School pays the Sponsor three percent of the State Aid. Total fees expense for fiscal year 2022 is \$83,575. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee.

NOTE 14 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2022, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School's 2022 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and 2) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School.

CLIFF PARK HIGH SCHOOL - CLARK COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 15 – MANAGEMENT COMPANY EXPENSES

As of June 30, 2022, Oakmont Education LLC and its affiliates incurred the following expenses on behalf of the School:

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Vocational Instruction (1300 Function codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
<i>Direct expenses:</i>						
Salaries & wages (100 object codes)	\$ 266,484	\$ 23,686	\$ 144,820	\$ 483,758	-	\$ 918,748
Employees' benefits (200 object codes)	26,983	1,793	11,391	42,952	-	83,119
Professional & technical services (410 object codes)	(5,813)			3,560	-	(2,253)
Property services (420 object codes)				1,056	-	1,056
Contracted craft or trade services (460 object codes)				337	-	337
Transportation (480 object codes)				30	-	30
Supplies (500 object codes)	344		750	9,025	-	10,119
Other direct costs (All other object codes)	2,905		-	24,596	-	27,501
<i>Indirect expenses:</i>						
Overhead	-	-	-	170,090	59,263	229,353
Total expenses	\$ 290,903	\$ 25,479	\$ 156,961	\$ 735,404	\$ 59,263	\$ 1,268,010

Oakmont charges overhead expenses benefiting more than one school on a pro-rated basis based on full time equivalents (FTE) headcount as of June 30, 2022 for each school it manages.

NOTE 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the School received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School. The impact on the School's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Cliff Park High School - Clark County, Ohio

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0088614%	0.0090870%	0.0079354%	0.0072091%	0.0050929%	0.0038214%	0.0035473%	0.003492%	0.003492%
School's Proportionate Share of the Net Pension Liability	\$ 326,960	\$ 601,033	\$ 474,790	\$ 412,879	\$ 304,290	\$ 279,691	\$ 202,412	\$ 176,728	\$ 207,658
School's Covered Payroll	\$ 305,871	\$ 307,114	\$ 270,333	\$ 245,356	\$ 162,029	\$ 169,200	\$ 148,801	\$ 119,076	\$ 83,360
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.89%	195.70%	175.63%	168.28%	187.80%	165.30%	136.03%	148.42%	249.11%
Plan Fiduciary Net Position as a Percentage of the 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 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Cliff Park High School - Clark 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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.006026880%	0.00517620%	0.00418455%	0.00403683%	0.00358877%	0.00330248%	0.00330818%	0.00306155%	0.00306155%
School's Proportionate Share of the Net Pension Liability	\$ 770,592	\$ 1,252,456	\$ 925,388	\$ 887,609	\$ 852,520	\$ 1,105,440	\$ 914,284	\$ 744,675	\$ 887,052
School's Covered Payroll	\$ 737,343	\$ 624,693	\$ 487,093	\$ 458,986	\$ 396,121	\$ 369,557	\$ 300,043	\$ 360,192	\$ 356,531
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.51%	200.49%	189.98%	193.38%	215.22%	299.13%	304.72%	206.74%	248.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Cliff Park High School - Clark County, Ohio

Required Supplementary Information
 Schedule of School Contributions - Pension
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 40,309	\$ 42,822	\$ 42,996	\$ 36,495	\$ 33,123	\$ 22,684	\$ 23,688	\$ 19,612	\$ 16,504	\$ 11,537
Contributions in Relation to the Contractually Required Contribution	<u>(40,309)</u>	<u>(42,822)</u>	<u>(42,996)</u>	<u>(36,495)</u>	<u>(33,123)</u>	<u>(22,684)</u>	<u>(23,688)</u>	<u>(19,612)</u>	<u>(16,504)</u>	<u>(11,537)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 287,921	\$ 305,871	\$ 307,114	\$ 270,333	\$ 245,356	\$ 162,029	\$ 169,200	\$ 148,801	\$ 119,076	\$ 83,360
Contributions as a Percentage of Covered 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

Cliff Park High School - Clark County, Ohio

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 99,427	\$ 103,228	\$ 87,457	\$ 68,193	\$ 64,258	\$ 55,457	\$ 51,738	\$ 42,006	\$ 46,825	\$ 46,349
Contributions in Relation to the Contractually Required Contribution	<u>(99,427)</u>	<u>(103,228)</u>	<u>(87,457)</u>	<u>(68,193)</u>	<u>(64,258)</u>	<u>(55,457)</u>	<u>(51,738)</u>	<u>(42,006)</u>	<u>(46,825)</u>	<u>(46,349)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 710,193	\$ 737,343	\$ 624,693	\$ 487,093	\$ 458,986	\$ 396,121	\$ 369,557	\$ 300,043	\$ 360,192	\$ 356,531
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

Cliff Park High School - Clark County, Ohio

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

	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0081293%	0.0085695%	0.0072995%	0.0065205%	0.0046233%	0.0034640%
School's Proportionate Share of the Net OPEB Liability	\$ 153,853	\$ 186,244	\$ 183,566	\$ 180,896	\$ 124,077	\$ 98,738
School's Covered Payroll	\$ 305,871	\$ 307,114	\$ 270,333	\$ 245,356	\$ 162,029	\$ 169,200
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	50.30%	60.64%	67.90%	73.73%	76.58%	58.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes 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

Cliff Park High School - Clark 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)

	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability/Asset	0.00602688%	0.00517620%	0.00418455%	0.00403683%	0.00358877%	0.00330248%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (127,071)	\$ (90,972)	\$ (69,306)	\$ (64,869)	\$ 140,020	\$ 176,617
School's Covered Payroll	\$ 737,343	\$ 624,693	\$ 487,093	\$ 458,986	\$ 396,121	\$ 369,557
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-17.23%	-14.56%	-14.23%	-14.13%	35.35%	47.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes 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

Cliff Park High School - Clark County, Ohio

Required Supplementary Information
 Schedule of School Contributions - OPEB
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution (1)	\$ -	\$ 569	\$ 15,311	\$ 1,905	\$ 1,227	\$ 3,006	\$ -	\$ 1,253	\$ 1,897	\$ 1,438
Contributions in Relation to the Contractually Required Contribution	-	(569)	(15,311)	(1,905)	(1,227)	(3,006)	-	(1,253)	(1,897)	(1,438)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School Covered Payroll	\$ 287,921	\$ 305,871	\$ 307,114	\$ 270,333	\$ 245,356	\$ 162,029	\$ 169,200	\$ 148,801	\$ 119,076	\$ 83,360
OPEB Contributions as a Percentage of Covered Payroll (1)	0.00%	0.19%	4.99%	0.70%	0.50%	1.86%	0.00%	0.84%	1.59%	1.73%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

Cliff Park High School - Clark County, Ohio

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,602	\$ 3,565
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,602)</u>	<u>(3,565)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 710,193	\$ 737,343	\$ 624,693	\$ 487,093	\$ 458,986	\$ 396,121	\$ 369,557	\$ 300,043	\$ 360,192	\$ 356,531
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

**CLIFF PARK HIGH SCHOOL
CLARK COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Note 1 - Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2022.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% 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 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2021. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.0% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2021. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit

**CLIFF PARK HIGH SCHOOL
CLARK COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%.

Note 2 - Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2022.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2022 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

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

Medicare Trend Assumption

Medicare

Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent

Pre – Medicare

Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

**CLIFF PARK HIGH SCHOOL
CLARK COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 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.

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. For fiscal year 2020 and 2021, the health care cost trend rates were modified. For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates were modified.

Changes in Benefit Terms – STRS

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 2020.

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 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**CLIFF PARK HIGH SCHOOL
CLARK COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2022**

For fiscal year 2022, The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.



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

Cliff Park High School
Clark County
821 North Limestone Street
Springfield, Ohio 45503

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Cliff Park High School, Clark County, (the School) as of and for the fiscal 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 May 1, 2023, wherein we noted the School adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. We also noted the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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*.

School's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Keith Faber
Auditor of State
Columbus, Ohio

May 1, 2023

CLIFF PARK HIGH SCHOOL
CLARK COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2022

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

FINDING NUMBER 2022-001

Material Weakness – Financial Reporting

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

Due to lack of controls over the preparation or review of the financial statements, the following misstatements were identified on the School's financial statements:

- Student Wellness receipts totaling \$77,005 were recorded as Federal and State Restricted Grants and should have been classified as State Aid;
- Capital assets, net of accumulated depreciation and depreciation expense were understated by \$51,445 and \$9,432, respectively, due to unrecorded capital assets purchased during fiscal year 2022; and
- The restated June 30, 2021 balances for the Intangible Right to use - Leased Building asset and the Building lease payable were understated by \$295,254 each due to the incorrect calculation of the annual building rent increases, which also caused the accumulated depreciation for the Intangible Right to use - Leased building to be understated by \$12,654 and the principal payment on the building lease payable to be overstated by \$9,405.

The above misstatements have been adjusted on the School's accounting records and financial statements.

Failure to correctly classify financial activity and balances in the accounting records and financial statements may impact the users' understanding of the financial operations and the Board's and management's ability to make sound financial decisions.

To improve financial reporting, the School should establish and implement additional procedures to provide for accurate and complete recording of financial activity in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

While the School has posted the above adjustments, the treatment and recording of the Student Wellness funds as part of State Aid is not consistent with numerous fiscal year 2022 audits completed by the School's Treasurer. It would be beneficial for all parties if the treatment of these funds were consistent between various regions of the Auditor of State and Independent Public Accounting firms. The restatement of the beginning balance of the Intangible Right to Use Building Asset was due to the accounting consultant's interpretation of the underlying building lease, which we have also corrected based on the Auditor's recommendation.

AOS Conclusion:

The Student Wellness funds were previously considered restricted grants and not part of the State Aid until Fiscal Year 2022. With the changes in Foundation Settlement Payments and the State Aid calculations, the Student Wellness Funds are now part of the State Aid portion.

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OHIO AUDITOR OF STATE KEITH FABER



CLIFF PARK HIGH SCHOOL

CLARK 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 5/25/2023

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

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