



OHIO AUDITOR OF STATE
KEITH FABER



**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY**

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THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

The Intergenerational School
Cuyahoga County
11327 Shaker Boulevard Suite 200E
Cleveland, Ohio 44104

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Intergenerational School, Cuyahoga County, Ohio (the School), as of and for the year ended June 30, 2023, 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 Intergenerational School, Cuyahoga County, Ohio as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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.

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.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, 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

February 20, 2024

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THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The management's discussion and analysis of The Intergenerational School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$667,280 from a deficit of \$557,532 to \$109,748.
- The School had operating revenues of \$2,095,814 and operating expenses of \$2,916,079 for fiscal year 2023. The School also had \$1,529,041 in non-operating revenues and \$41,496 in non-operating expenses during fiscal year 2023.
- Enrollment decreased from 232 students to 206 students.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School Financial Activities

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

These documents answer the question, "How did we do financially during 2023?" These statements include all assets, liabilities, deferred outflows/inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

These statements report the School's net position and changes in that position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 13 and 14 of this report.

The statement of cash flows provides information about how the School finances and is meeting the cash flow needs of its operations. The statement of cash flows can be found on page 15 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements, can be found on pages 17-53 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's net pension liability and net OPEB liability/asset, which can be found on pages 54-65 of this report.

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THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The table below provides a summary of the School's net position for the fiscal years 2023 and 2022:

Table 1 - Net Position		
	2023	2022
ASSETS		
Current Assets	\$ 2,325,696	\$ 1,901,820
Net OPEB Asset	199,793	179,504
Capital Assets, Net	1,287,862	1,352,986
Total Assets	3,813,351	3,434,310
DEFERRED OUTFLOWS OF RESOURCES		
Pension	567,497	571,566
OPEB	126,657	128,944
Total Deferred Outflows of Resources	694,154	700,510
LIABILITIES		
Current Liabilities	250,155	411,382
Long-term liabilities:		
Due within one year	39,572	37,954
Due in more than one year:		
Other Amounts	896,329	935,901
Net Pension Liability	2,277,744	1,440,503
Net OPEB Liability	148,161	176,891
Total Liabilities	3,611,961	3,002,631
DEFERRED INFLOWS OF RESOURCES		
Pension	420,507	1,334,079
OPEB	365,289	355,642
Total Deferred Inflows of Resources	785,796	1,689,721
NET POSITION		
Net Investment in Capital Assets	351,961	379,131
Restricted	43,872	244,316
Unrestricted	(286,085)	(1,180,979)
Total Net Position	\$ 109,748	\$ (557,532)

The net pension liability (NPL), the largest single liability reported by the School at June 30, 2023, the net OPEB liability (NOL) and the net OPEB asset are reported pursuant to 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." 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 net OPEB asset and deferred outflows related to pension and OPEB.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability 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. 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.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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 liability/asset, respectively, not accounted for as deferred inflows/outflows.

At June 30, 2023, the School's net position totaled \$109,748. Assets increased mainly due to the increase in cash and cash equivalents and other receivable. Current liabilities decreased from prior year mainly due to the decrease in accounts payable due to the timing of disbursements. The changes in deferred outflows and inflows of resources, net pension liability, net OPEB asset, and net OPEB liability is due to the reporting of GASB 68 and 75.

The implementation of GASB Statement No. 68 and 75 requires the reader to perform additional calculations to determine the School's Total Net Position at June 30, 2023 without the implementation of GASB Statement No. 68 and 75. This is an important exercise, as the State Pension Systems (SERS & STRS) collect, hold, invest, and distribute pensions to our employees, not the School.

Total Net Position including GASB 68 and GASB 75	\$	109,748
Add:		
Net Pension liability		2,277,744
Net OPEB Liability		148,161
Deferred Inflows - Pension		420,507
Deferred Inflows - OPEB		365,289
Less:		
Net OPEB Asset		(199,793)
Deferred Outflows - Pension		(567,497)
Deferred Outflows - OPEB		(126,657)
Total Net Position without GASB 68 and GASB 75	\$	2,427,502

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The table below shows the change in net position for the fiscal years 2023 and 2022:

Table 2 - Change in Net Position		
	2023	2022
OPERATING REVENUES		
State Foundation	\$ 2,091,001	\$ 2,146,348
Classroom Materials and Fees	1,472	5,566
Other Operating Revenues	3,341	52,732
Total Operating Revenues	2,095,814	2,204,646
OPERATING EXPENSES		
Salaries and Wages	1,522,486	1,409,453
Fringe Benefits	239,839	97,791
Purchased Services	854,515	1,020,219
Materials and Supplies	154,474	232,635
Depreciation	65,124	67,107
Other	79,641	111,145
Total Operating Expenses	2,916,079	2,938,350
Operating (Loss)	(820,265)	(733,704)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	48,500	605
Interest and Fiscal Charges	(41,496)	(43,090)
Tax Distribution	248,018	261,113
Federal and State Grants	1,201,754	1,102,507
Contributions and Donations	10,269	7,392
Loan Forgiveness	-	424,455
Rental Income	20,500	50,878
Total Non-operating Revenues (Expenses)	1,487,545	1,803,860
Change in Net Position	667,280	1,070,156
Net Position - Beginning of Year	(557,532)	(1,627,688)
Net Position - End of Year	\$ 109,748	\$ (557,532)

The revenue generated by community schools is heavily dependent upon per-pupil allotment given by the State foundation program and federal entitlement programs. Foundation payments attributed to 58 percent of total operating and non-operating revenues during fiscal year 2023. The decrease in state foundation is due to a decrease in enrollment and the increase in federal and state grants is mainly due to increased reimbursement eligibility for School expenses. Loan forgiveness decreased due to PPP loan being forgiven in fiscal year 2023. The increase in interest income is due to a change of rate. Other operating revenues decreased to a decrease of Medicaid receivable. Rental income decreased due to the expiration of one of the building leases.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The decrease in expenses is mainly due to decrease in enrollment with the exception of fringe benefits expense. The change in fringe benefits expense is mainly due to the pension and OPEB expense adjustments related to GASB 68 and 75. Below is a comparison of fringe benefits expense without GASB 68 and GASB 75.

	<u>2023</u>	<u>2022</u>
Fringe Benefits	\$ 349,186	\$ 372,679

See Notes 11 and 12 in the notes to the basic financial statements for more detail on GASB 68 and 75.

Capital Assets

At June 30, 2023, the School had invested \$11,027 in land, \$1,250,076 in buildings, \$22,500 in furniture, equipment, and computers, and \$4,259 in intangible right-to-use Lease – Equipment, net of accumulated depreciation/amortization. See Note 8 in the notes to the basic financial statements for more detail on capital assets.

Long-Term Debt

On May 20, 2021, the School entered into a note agreement with Erie Bank, a division of CNB Bank, in the amount of \$1,000,000 for the purchase of the School building. At June 30, 2023, the School had \$4,473 in leases payable and the full amount is due within one year for the lease of copiers. The School reports an intangible right to use capital asset and corresponding liability for the future scheduled payments under the lease. See note 13 in the notes to the basic financial statements for more detail on long-term debt activity.

Current Financial Related Activities

During the 2022-2023 fiscal school year, there were 206 students enrolled in the School. The School relies on the State Foundation Funds, State and Federal Sub-Grants and private donors to provide the monies necessary to operate the School.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Doug Mangen, Treasurer, 11327 Shaker Blvd, Cleveland, Ohio 44104 or email doug@mangen1.com.

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THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Statement of Net Position
June 30, 2023

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,006,958
Receivables:	
Intergovernmental	259,517
Other	59,097
Prepaid Items	124
Total Current Assets	<u>2,325,696</u>
Noncurrent Assets:	
Net OPEB Asset	199,793
Capital Assets:	
Land	11,027
Capital Assets, Net of Depreciation/Amortization	<u>1,276,835</u>
Total Noncurrent Assets	<u>1,487,655</u>
Total Assets	<u>3,813,351</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	567,497
OPEB	<u>126,657</u>
Total Deferred Outflows of Resources	<u>694,154</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	62,546
Accrued Wages and Benefits	176,786
Intergovernmental Payable	10,823
Mortgage Payable	35,099
Lease Payable	4,473
Total Current Liabilities	<u>289,727</u>
Noncurrent Liabilities:	
Mortgage Payable	896,329
Net Pension Liability	2,277,744
Net OPEB Liability	<u>148,161</u>
Total Noncurrent Liabilities	<u>3,322,234</u>
Total Liabilities	<u>3,611,961</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	420,507
OPEB	<u>365,289</u>
Total Deferred Inflows of Resources	<u>785,796</u>
NET POSITION	
Net Investment in Capital Assets	351,961
Restricted for:	
State Funded Programs	43,872
Unrestricted	<u>(286,085)</u>
Total Net Position	<u>\$ 109,748</u>

See accompanying notes to the basic financial statements

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

OPERATING REVENUES

State Foundation	\$ 2,091,001
Classroom Materials and Fees	1,472
Other Operating Revenues	3,341
Total Operating Revenues	<u>2,095,814</u>

OPERATING EXPENSES

Salaries and Wages	1,522,486
Fringe Benefits	239,839
Purchased Services	854,515
Materials and Supplies	154,474
Depreciation	65,124
Other	79,641
Total Operating Expenses	<u>2,916,079</u>
Operating Loss	<u>(820,265)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest Income	48,500
Interest and Fiscal Charges	(41,496)
Tax Distribution	248,018
Federal and State Grants	1,201,754
Contributions and Donations	10,269
Rental Income	20,500
Total Non-operating Revenues (Expenses)	<u>1,487,545</u>
Change in Net Position	667,280

Net Position - Beginning of Year	<u>(557,532)</u>
Net Position - End of Year	<u>\$ 109,748</u>

See accompanying notes to the basic financial statements

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	\$ 2,080,972
Cash Received from Other Operations	7,664
Cash Payments for Salaries and Wages	(1,535,735)
Cash Payments for Fringe Benefits	(370,423)
Cash Payments for Purchased Services	(970,487)
Cash Payments for Materials and Supplies	(151,988)
Cash Payments for Other Expenses	(147,819)
Net Cash Used in Operating Activities	<u>(1,087,816)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grants	1,302,704
Tax Distribution	274,607
Contributions and Donations	10,269
Rentals	20,500
Net Cash Provided by Noncapital Financing Activities	<u>1,608,080</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Long-term Debt	(37,954)
Interest Paid on Long-term Debt	(41,496)
Net Cash Used in Capital and Related Financing Activities	<u>(79,450)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	48,500
Net Cash Provided by Investing Activities	<u>48,500</u>
Net Increase in Cash and Cash Equivalents	489,314
Cash and Cash Equivalents - Beginning of Year	<u>1,517,644</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,006,958</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
OPERATING ACTIVITIES	
Operating Loss	\$ (820,265)
Adjustments:	
Depreciation/Amortization	65,124
(Increase) Decrease in Assets and Deferred Outflows:	
Intergovernmental Receivable	(11,502)
Other Receivable	(52,975)
Prepaid Items	2,376
Net OPEB Asset	(20,289)
Deferred Outflows - Pension	4,069
Deferred Outflows - OPEB	2,287
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(167,893)
Accrued Wages and Benefits	13,942
Intergovernmental Payable	(7,276)
Net Pension Liability	837,241
Net OPEB Liability	(28,730)
Deferred Inflows - Pension	(913,572)
Deferred Inflows - OPEB	9,647
Net Cash Used in Operating Activities	<u>\$ (1,087,816)</u>

See accompanying notes to the basic financial statements

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THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – DESCRIPTION OF THE SCHOOL

The Intergenerational School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code exclusively for educational purposes. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status. The School's mission is to provide students of kindergarten to grade eight the knowledge, skills, and habits to be effective and empowered stewards of their community. The School, which is part of the State's education program, is independent of any School District and is nonsectarian in its programs, admission policies, employment practices and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under an amended and restated contract with the Lucas County Educational Service Center (the "Sponsor") for a period of one year commencing July 1, 2011. The contract terminated on June 30, 2012. Commencing July 1, 2012, the School was approved for operation under an amended and restated contract with the Educational Service Center of Lake Erie West (the "Sponsor") for a period of five years. The most recent modification, signed in January 2023, extends the contract through June 30, 2025. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of the Board of Trustees. The Board of Trustees is responsible for carrying out the provisions of the contract, 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 Board of Trustees controls the School's one instructional/support facility staffed by 9 non-certified and 21 certificated full time teaching personnel who provide services to 206 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's significant accounting policies are described below.

A. Basis of Presentation

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

B. Measurement Focus

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

C. Basis of Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place. Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the fiscal 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. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) 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 plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources include pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

D. Budgetary Process

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

E. Cash and Cash Equivalents

All monies received by the School are accounted for by the School's fiscal agent. All cash is received and deposited by the School. Separate accounts are maintained in the School's name. Monies for the School are maintained in these accounts.

During fiscal year 2023, investments were limited to investments in State Treasury Asset Reserve of Ohio (STAR Ohio). The School's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School.

The School measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

For the purposes of the statement of cash flows and the presentation on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School does not have any infrastructure. The School maintains a capitalization threshold at \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets are depreciated/amortized. Depreciation/amortization is computed using the straight-line method over the remaining useful life of the related capital assets. Land is not depreciated, Buildings are depreciated over twenty-five years, and Furniture, Equipment, and Computers are depreciated over five to ten years.

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

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the Statement of Net Position. 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.

H. Net Position

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

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

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For the School, these revenues are payments from the State Foundation Program, classroom materials and fees, and other operating revenues. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the School. All revenues and expenses not meeting this definition are reported as non-operating.

J. Prepaid Items

Payments made to vendors for services that will benefit fiscal years beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the fiscal year ended in which services are consumed.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Intergovernmental Revenue

The School currently participates in the State Foundation Basic Aid, Title I, IDEA-B, Title II-A, Title IV-A, ESSER, ARPA, Nutrition, and various state and federal grants. The State Foundation Basic Aid (which includes casino and facilities revenue) is recognized as operating revenue. All of the other grant revenues received from these programs are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility includes 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 recognized under the above-named programs for the 2023 fiscal school year totaled \$3,292,755.

L. Estimates

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

M. Contributions and Donations

Non-cash contributions and donations are recorded at their fair market value on the date donated. Contributions and donations recognized for the 2023 fiscal school year totaled \$10,269.

N. Compensated Absences

Vacation for teaching staff is to be taken in a manner that corresponds with the school calendar. Accordingly, the School does not accrue vacation time as a liability. Vacation benefits for non-teaching staff are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned.

Sick time and other paid time off (PTO) are not payable if this PTO is not taken. The unused PTO cannot be carried over into the next school year. Therefore, no liability was recorded.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the School implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. These changes were incorporated in the School's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of this Statement did not have an effect on the financial statements of the School.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The implementation of this Statement did not have an effect on the financial statements of the School.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this Statement did not have an effect on the financial statements of the School.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this Statement did not have an effect on the financial statements of the School.

NOTE 4 – SPONSORSHIP AGREEMENT

Commencing July 1, 2017, the School was approved for operation under an amended and restated contract with the Educational Service Center of Lake Erie West (the "Sponsor") for a period of five years. The terms of the contract were negotiated. Sponsorship fees are calculated as 2.5% of the fiscal year 2023 foundation payments received by the School, from the State of Ohio. The total amount due and paid from the School for fiscal year ending 2023 was \$56,530. Sponsorship fees are recorded as professional and technical services within the purchased service expense on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 5 – DEPOSITS

Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all School's deposits was \$157,957. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2023, the whole amount of the School's bank balance of \$177,607 was covered by FDIC.

Investments

STAR Ohio is measured at net asset value per share. The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 5 – DEPOSITS (Continued)

Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The below tables identify the School’s recurring fair value measurement as of June 30, 2023. As previously discussed, Star Ohio is reported at its net asset value.

Investment Type	Net Asset Value	Investment Maturities 6 months or less
STAR Ohio	\$ 1,849,001	\$ 1,849,001

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

Credit Risk: The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023 is 38.5 days and carries a rating of AAAM by S&P Global Ratings. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School’s investment policy does not specifically address credit risk beyond requiring the School to only invest in securities authorized by State statute.

Concentration of Credit Risk: The School investment policy places no limits on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2023:

Investment Type	Net Asset Value	% of Total
STAR Ohio	\$ 1,849,001	100%

NOTE 6 – RECEIVABLES

Receivables at June 30, 2023 consisted of intergovernmental receivables arising from grants and entitlements and other receivables. Intergovernmental receivables are considered collectible in full due to the current year guarantee of federal funds and the stable condition of state programs.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 6 – RECEIVABLES (Continued)

A summary of the principal items of receivables follows:

	<u>Receivables</u>
Intergovernmental:	
Schoolwide	\$ 19,796
IDEA B	9,163
ESSER	167,024
Food Service	10,890
Medicaid	48,894
Other	<u>3,750</u>
Total Intergovernmental	259,517
Other Receivable	<u>59,097</u>
Total Receivables	<u><u>\$ 318,614</u></u>

NOTE 7 – TAX DISTRIBUTION

The Intergenerational School participates in a partnership with the Cleveland Municipal School District (CMSD) for a property tax levy of 1 mill based on the assessed real property value within the CMSD. The levy is for four years and was passed in November 2012 and started collection in January 2013. On November 8, 2016, this levy was renewed for an additional four years. On November 3, 2020, this levy was renewed for a period of 10 years (2021-2030) at a rate of 1.5 mills of the assessed real property value within the School District.

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THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8 – CAPITAL ASSETS

A summary of the School’s capital assets at June 30, 2023, follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Capital Assets, not being depreciated:				
Land	\$ 11,027	\$ -	\$ -	\$ 11,027
Capital Assets, being depreciated/amortized:				
Buildings	1,388,973	-	-	1,388,973
Furniture, Equipment, and Computers	61,450	-	-	61,450
Intangible Right-to-use Lease - Equipment	12,775	-	-	12,775
Total Capital Assets, being depreciated/amortized	1,463,198	-	-	1,463,198
Less Accumulated Depreciation/Amortization:				
Buildings	(83,338)	(55,559)	-	(138,897)
Furniture, Equipment, and Computers	(33,643)	(5,307)	-	(38,950)
Intangible Right-to-use Lease - Equipment	(4,258)	(4,258)	-	(8,516)
Total Accumulated Depreciation/Amortization	(121,239)	(65,124)	-	(186,363)
Total Capital Assets being depreciated/amortized, Net	1,341,959	(65,124)	-	1,276,835
Total Capital Assets, Net	\$ 1,352,986	\$ (65,124)	\$ -	\$ 1,287,862

NOTE 9 – RISK MANAGEMENT

A. Insurance Coverage

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended 2023, the School contracted with the O’Neill Group with the following insurance coverage:

Commercial General Liability per Occurrence	\$1,000,000
Commercial General Liability Aggregate	3,000,000
Umbrella Coverage per Occurrence	5,000,000
Umbrella Coverage per Aggregate	5,000,000
Automotive Liability	1,000,000
Commercial Property (\$5,000 Deductible)	1,000,000
Crime Coverage (\$1,000 Deductible) Each Employee	100,000
Cybersecurity Coverage (\$1,000 Deductible)	25,000
Employee Benefits Liability (\$1,000 Deductible) Each Employee	1,000,000
Employee Benefits Liability (\$1,000 Deductible) Aggregate	1,000,000
Employers Stop Gap Liability	1,000,000
Crisis Management	25,000

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 9 – RISK MANAGEMENT (Continued)

A. Insurance Coverage (Continued)

School Board Legal Liability per Aggregate (\$2,500 Deductible)	\$3,000,000
School Board Legal Liability per Occurrence (\$2,500 Deductible)	1,000,000
Sexual Misconduct Liability per Occurrence/Aggregate	1,000,000
Student Accident per Aggregate (\$500 Deductible)	250,000

Settled claims have not exceeded this commercial coverage in any of the past three years, nor has there been any significant reduction insurance coverage from the prior year. The School owns no property, but leases a facility located at 11327 Shaker Blvd., Suite 200 E, Cleveland, Ohio 44104. Refer to Note 13 for additional information.

B. Workers' Compensation

The School makes premium payments to the Ohio Workers' Compensation System for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

C. Employees Medical, Dental, Vision, Life and Disability Benefits

The Intergenerational Schools contract through independent carriers to offer health insurance and ancillary benefits to all eligible, fulltime employees working 30 or more hours per week. It is anticipated that similar benefits will be maintained for 2023. Employees have a choice of two medical plans for themselves and their eligible dependents. The schools subsidize more of the premium percentage-wise for an employee only medical plan as compared to a family medical plan. Each school subsidizes between 44% and 72% of the Point of Service (PPO) \$250/\$500 in-network deductible plan premium and between 43% and 78% of the Health Savings Account (HSA) \$2,700/\$5,400 in-network deductible plan premium. Employees who select the HSA plan also receive a \$500 contribution to their HSA account from their school.

Employees can elect dental insurance and the schools subsidize between 51% and 61% of the monthly premium. Employees can elect vision insurance and the schools subsidize between 26%-36% of the monthly premium. In addition, voluntary life insurance benefits are available at the sole expense of the employee. All eligible, full-time employees receive long term disability insurance, short term disability insurance and group term life insurance and accidental death and dismemberment coverage equal to 1X their annual base salary. The premium for these benefits is paid entirely by the schools.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 10 – CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The expense of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2023.

B. Litigation

The School is not involved in any litigation that, in the opinion of management, would have material effect on the financial statements.

C. State Foundation Funding

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 for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed such a review on the School for fiscal year 2023.

As of the date of this report, all ODE adjustments for fiscal year 2023 have been finalized.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 11– DEFINED BENEFIT PENSION PLAN

A. 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 *intergovernmental payable*.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

B. 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.

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 percent and with a floor of 0.0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. In 2022, the Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Plan Description - School Employees Retirement System (SERS) (Continued)

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, 2023, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent.

The School’s contractually required contribution to SERS was \$67,293 for fiscal year 2023.

C. Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit regardless of age.

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CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Plan Description State Teachers Retirement System (STRS) (Continued)

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 services. 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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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.

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Notes to the Basic Financial Statements
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NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Plan Description State Teachers Retirement System (STRS) (Continued)

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, 2023, 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 2023 contribution rates were equal to the statutory maximum rates.

The School’s contractually required contributions to STRS was \$151,406 for fiscal year 2023.

D. 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, 2022, 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	0.0095387%	0.00851369%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0103991%</u>	<u>0.00771601%</u>	
Change in Proportionate Share	<u>0.0008604%</u>	<u>-0.00079768%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 562,465	\$ 1,715,279	\$ 2,277,744
Pension Expense	\$ 51,126	\$ 95,311	\$ 146,437

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CUYAHOGA COUNTY, OHIO

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For the Fiscal Year Ended June 30, 2023

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 22,780	\$ 21,957	\$ 44,737
Changes of assumptions	5,551	205,268	210,819
Net difference between projected and actual earnings on pension plan investments	-	59,689	59,689
Changes in proportion and differences between contributions and proportionate share of contributions	33,553	-	33,553
School contributions subsequent to the measurement date	<u>67,293</u>	<u>151,406</u>	<u>218,699</u>
Total Deferred Outflows of Resources	<u>\$ 129,177</u>	<u>\$ 438,320</u>	<u>\$ 567,497</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 3,693	\$ 6,562	\$ 10,255
Changes of assumptions	-	154,507	154,507
Net difference between projected and actual earnings on pension plan investments	19,626	-	19,626
Changes in proportion and differences between contributions and proportionate share of contributions	15,305	220,814	236,119
Total Deferred Inflows of Resources	<u>\$ 38,624</u>	<u>\$ 381,883</u>	<u>\$ 420,507</u>

\$218,699 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$4,055	(\$89,051)	(\$84,996)
2025	14,626	(88,347)	(73,721)
2026	(28,037)	(91,528)	(119,565)
2027	<u>32,616</u>	<u>173,957</u>	<u>206,573</u>
Total	<u>\$23,260</u>	<u>(\$94,969)</u>	<u>(\$71,709)</u>

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

E. 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, 2022, 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 Weight 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.

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

E. Actuarial Assumptions - SERS (Continued)

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 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

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).

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For the Fiscal Year Ended June 30, 2023

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

E. Actuarial Assumptions - SERS (Continued)

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 net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 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	\$827,920	\$562,465	\$338,821

F. Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2022, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
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

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

F. Actuarial Assumptions – STRS (Continued)

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

** 10-Year -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, 2022. 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

F. Actuarial Assumptions – STRS (Continued)

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, 2022. Therefore, the long-term expected rate of return on 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, 2022.

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	\$2,591,162	\$1,715,279	\$974,553

Assumption and Benefit Changes Since the Prior Measurement Date - Demographic assumptions were changed based on the actuarial experience study for the July 1, 2015, through June 30, 2021. STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023.

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Notes to the Basic Financial Statements
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NOTE 12 – DEFINED BENEFIT OPEB PLANS

A. 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.

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 *intergovernmental payable*.

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For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

B. Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage.

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

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

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 2023, 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 2023, this amount was \$25,000.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

B. Plan Description – School Employees Retirement System (SERS) (Continued)

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$3,750 for fiscal year 2023.

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

D. OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and net OPEB asset were measured as of June 30, 2022, and the total OPEB liability and asset 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.

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Notes to the Basic Financial Statements
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NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

D. OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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			
Prior Measurement Date	0.0093466%	0.00851369%	
Proportion of the Net OPEB Liability/(Asset)			
Current Measurement Date	<u>0.0105527%</u>	<u>0.00771601%</u>	
Change in Proportionate Share	<u>0.0012061%</u>	<u>-0.00079768%</u>	
Proportionate Share of the Net OPEB Liability	\$ 148,161	\$ -	\$148,161
Proportionate Share of the Net OPEB Asset	\$ -	\$ (199,793)	(\$199,793)
OPEB Expense	\$ 3,955	\$ (37,290)	(\$33,335)

At June 30, 2023, 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	\$ 1,247	\$ 2,899	\$ 4,146
Changes of assumptions	23,568	8,510	32,078
Net difference between projected and actual earnings on pension plan investments	770	3,480	4,250
Changes in proportion and difference between School contributions and proportionate share of contributions	81,807	626	82,433
School contributions subsequent to the measurement date	<u>3,750</u>	<u>-</u>	<u>3,750</u>
Total Deferred Outflows of Resources	<u>\$ 111,142</u>	<u>\$ 15,515</u>	<u>\$ 126,657</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 94,775	\$ 30,009	\$ 124,784
Changes of assumptions	60,821	141,670	202,491
Changes in proportion and difference between School contributions and proportionate share of contributions	<u>35,046</u>	<u>2,971</u>	<u>38,017</u>
Total Deferred Inflows of Resources	<u>\$ 190,642</u>	<u>\$ 174,650</u>	<u>\$ 365,292</u>

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Notes to the Basic Financial Statements
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NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

D. OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$3,750 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/asset in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (20,941)	\$ (47,098)	\$ (68,039)
2025	(14,729)	(46,074)	(60,803)
2026	(17,396)	(21,839)	(39,235)
2027	(12,536)	(9,053)	(21,589)
2028	(9,265)	(11,596)	(20,861)
Thereafter	(8,383)	(23,475)	(31,858)
Total	\$ (83,250)	\$ (159,135)	\$ (242,385)

E. 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.

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Notes to the Basic Financial Statements
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NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

E. Actuarial Assumptions – SERS (Continued)

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, 2022, 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	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Medical Trend Assumption	7.00 to 4.40 percent
Prior Measurement Date	

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 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 INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

E. Actuarial Assumptions – SERS (Continued)

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 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

E. Actuarial Assumptions – SERS (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the 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, 2022 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 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

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 SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School's proportionate share of the net OPEB liability	\$ 184,018	\$ 148,161	\$ 119,215
	1% Decrease (6.00 % decreasing to 3.40%)	Current Trend Rate (7.00 % decreasing to 4.40%)	1% Increase (8.00 % decreasing to 5.40%)
School's proportionate share of the net OPEB liability	\$ 114,259	\$ 148,161	\$ 192,443

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

F. Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation is presented below:

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	3.94 percent
Medicare	-68.78 percent	3.94 percent
Prescription Drug		
Pre-Medicare	9.00 percent	3.94 percent
Medicare	5.47 percent	3.94 percent

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

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

Actuarial assumptions used in the June 30, 2022 valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

F. Actuarial Assumptions – STRS (Continued)

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3-month period concluding October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual 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, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

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, 2022, 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.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 12 – DEFINED BENEFIT OPEB PLAN (Continued)

F. Actuarial Assumptions – STRS (Continued)

Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net OPEB asset	\$ 184,704	\$ 199,793	\$ 212,719

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	\$ 207,234	\$ 199,793	\$ 190,401

Benefit Term Changes Since the Prior Measurement Date Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

NOTE 13 - LONG TERM LIABILITIES

The changes in the School's long-term obligations during fiscal year 2023 were as follows:

	Balance as of 6/30/2022	Additions	Deletions	Balance as of 6/30/2023	Due within One Year
Net Pension Liability:					
STRS	\$ 1,088,552	\$ 626,727	\$ -	\$ 1,715,279	\$ -
SERS	351,951	210,514	-	562,465	-
Total Net Pension Liability	1,440,503	837,241	-	2,277,744	-
Net OPEB Liability - SERS	176,891	-	(28,730)	148,161	-
Mortgage Payable	965,147	-	(33,719)	931,428	35,099
Lease Payable	8,708	-	(4,235)	4,473	4,473
Total Long-Term Obligations	\$ 2,591,249	\$ 837,241	\$ (66,684)	\$ 3,361,806	\$ 39,572

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 13 - LONG TERM LIABILITIES (Continued)

There is no repayment schedule for the net pension liability and net OPEB liability. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

On May 20, 2021, the School entered into a note agreement with Erie Bank, a division of CNB Bank, in the amount of \$1,000,000 at an interest rate of 4.270 percent for the purchase of the land and building at 11327 Shaker Blvd, Cleveland, Ohio 44104. The property is held for collateral for the loan. Upon the occurrence of an event of default: (a) all commitments and obligations of Lender under the agreement will terminate; (b) at Lender’s option, all indebtedness will be immediately due and payable; and (c) Lender shall have all rights and remedies.

Breakthrough Public Schools entered into a copier lease with Comdoc that was assigned to the School based on the copiers located at and used by the School. The School makes monthly payments of \$383.98 and has a term of 60 months with the maturity date of June 30, 2024.

The following is a schedule of future mortgage and lease payments is as follows:

Fiscal Year Ending	Mortgage Payable		Leases Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 35,099	\$ 39,743	\$ 4,473	\$ 134	\$ 39,572	\$ 39,877
2025	36,758	38,084	-	-	36,758	38,084
2026	38,270	36,742	-	-	38,270	36,742
2027	38,852	38,030	-	-	38,852	38,030
2028	40,632	36,250	-	-	40,632	36,250
2029-2032	741,817	93,808	-	-	741,817	93,808
Total	<u>\$ 931,428</u>	<u>\$ 282,657</u>	<u>\$ 4,473</u>	<u>\$ 134</u>	<u>\$ 935,901</u>	<u>\$ 282,791</u>

THE INTERGENERATIONAL SCHOOL
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 14 – PURCHASED SERVICES

For the fiscal year ended June 30, 2023, purchased service expenses were payments for services rendered by various vendors, and are as follows:

Professional and Technical Services	\$ 397,056
Property Services	208,890
Travel Mileage/Meeting	967
Communications	35,990
Utilities	53,841
Contracted Craft or Trade Service	141,518
Pupil Transportation	14,236
Other	2,017
Total	<u>\$ 854,515</u>

NOTE 15 – FISCAL AGENT

The Academic and Business Services Agreement states Mangen 12 LLC (M12) shall be responsible and accountable for the following financial functions:

- Provision of a licensed fiscal officer (treasurer);
- Payment of school expenditures with school funds;
- Maintenance of adequate cash balances to cover payroll and payments to vendors; and
- Payroll.

NOTE 16 – SUBSEQUENT EVENT

The Intergenerational School is no longer a Cleveland Metropolitan School District partner school and as a result will not receive any levy payments after fiscal year 2023.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

*Required Supplementary Information
Schedule of School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0103991%	0.0095387%	0.0106247%	0.0083048%	0.0096763%	0.0064370%	0.0075046%	0.0063745%	0.009009%	0.009009%
School's Proportionate Share of the Net Pension Liability	\$ 562,465	\$ 351,951	\$ 702,739	\$ 496,890	\$ 554,180	\$ 384,597	\$ 549,267	\$ 363,735	\$ 455,940	\$ 535,736
School's Covered Payroll	\$ 406,179	\$ 329,250	\$ 372,471	\$ 284,904	\$ 338,630	\$ 201,671	\$ 233,064	\$ 191,904	\$ 261,789	\$ 241,344
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.48%	106.89%	188.67%	174.41%	163.65%	190.70%	235.67%	189.54%	174.16%	221.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

See accompanying notes to the required supplementary information

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.00771601%	0.00851369%	0.00861547%	0.00953547%	0.00981935%	0.00989701%	0.00994049%	0.00937729%	0.00980006%	0.00980006%
School's Proportionate Share of the Net Pension Liability	\$ 1,715,279	\$ 1,088,552	\$ 2,084,636	\$ 2,108,713	\$ 2,159,055	\$ 2,351,055	\$ 3,327,381	\$ 2,591,608	\$ 2,383,714	\$ 2,839,464
School's Covered Payroll	\$ 1,003,121	\$ 1,050,536	\$ 1,039,750	\$ 1,119,500	\$ 1,116,293	\$ 1,096,636	\$ 1,051,800	\$ 955,214	\$ 1,001,292	\$ 984,146
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.99%	103.62%	200.49%	188.36%	193.41%	214.39%	316.35%	271.31%	238.06%	288.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

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

See accompanying notes to the required supplementary information

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 67,293	\$ 56,865	\$ 46,095	\$ 52,146	\$ 38,462	\$ 45,715	\$ 28,234	\$ 32,629	\$ 25,293	\$ 36,284
Contributions in Relation to the Contractually Required Contribution	<u>(67,293)</u>	<u>(56,865)</u>	<u>(46,095)</u>	<u>(52,146)</u>	<u>(38,462)</u>	<u>(45,715)</u>	<u>(28,234)</u>	<u>(32,629)</u>	<u>(25,293)</u>	<u>(36,284)</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	\$ 480,664	\$ 406,179	\$ 329,250	\$ 372,471	\$ 284,904	\$ 338,630	\$ 201,671	\$ 233,064	\$ 191,904	\$ 261,789
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

See accompanying notes to the required supplementary information

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 151,406	\$ 140,437	\$ 147,075	\$ 145,565	\$ 156,730	\$ 156,281	\$ 153,529	\$ 147,252	\$ 133,730	\$ 130,168
Contributions in Relation to the Contractually Required Contribution	<u>(151,406)</u>	<u>(140,437)</u>	<u>(147,075)</u>	<u>(145,565)</u>	<u>(156,730)</u>	<u>(156,281)</u>	<u>(153,529)</u>	<u>(147,252)</u>	<u>(133,730)</u>	<u>(130,168)</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	\$ 1,081,471	\$ 1,003,121	\$ 1,050,536	\$ 1,039,750	\$ 1,119,500	\$ 1,116,293	\$ 1,096,636	\$ 1,051,800	\$ 955,214	\$ 1,001,292
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

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

	2023	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0105527%	0.0093466%	0.0103030%	0.0083722%	0.0096860%	0.0064117%	0.0074968%
School's Proportionate Share of the Net OPEB Liability	\$ 148,161	\$ 176,891	\$ 223,917	\$ 210,543	\$ 268,716	\$ 172,074	\$ 213,687
School's Covered Payroll	\$ 406,179	\$ 329,250	\$ 372,471	\$ 284,904	\$ 338,630	\$ 201,671	\$ 233,064
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.48%	53.73%	60.12%	73.90%	79.35%	85.32%	91.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	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

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

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

	2023	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability/Asset	0.00771601%	0.00851369%	0.00861547%	0.00953547%	0.00981935%	0.00989701%	0.00994049%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (199,793)	\$ (179,504)	\$ (151,416)	\$ (157,931)	\$ (157,786)	\$ 386,146	\$ 531,620
School's Covered Payroll	\$ 1,003,121	\$ 1,050,536	\$ 1,039,750	\$ 1,119,500	\$ 1,116,293	\$ 1,096,636	\$ 1,051,800
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-19.92%	-17.09%	-14.56%	-14.11%	-14.13%	35.21%	50.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.73%	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

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution (1)	\$ 3,750	\$ 6,480	\$ 3,746	\$ 3,203	\$ 5,886	\$ 6,346	\$ 4,168	\$ 3,329	\$ 4,896	\$ 3,046
Contributions in Relation to the Contractually Required Contribution	<u>(3,750)</u>	<u>(6,480)</u>	<u>(3,746)</u>	<u>(3,203)</u>	<u>(5,886)</u>	<u>(6,346)</u>	<u>(4,168)</u>	<u>(3,329)</u>	<u>(4,896)</u>	<u>(3,046)</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	\$ 1,081,471	\$ 406,179	\$ 329,250	\$ 372,471	\$ 284,904	\$ 338,630	\$ 201,671	\$ 233,064	\$ 191,904	\$ 261,789
OPEB Contributions as a Percentage of Covered Payroll (1)	0.35%	1.60%	1.14%	0.86%	2.07%	1.87%	2.07%	1.43%	2.55%	1.16%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,013
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	(10,013)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Covered Payroll	\$ 1,081,471	\$ 1,003,121	\$ 1,050,536	\$ 1,039,750	\$ 1,119,500	\$ 1,116,293	\$ 1,096,636	\$ 1,051,800	\$ 955,214	\$ 1,001,292
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Required Supplementary Information

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 2019-2023.

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 0.85% 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%. For fiscal year 2023, Cost-of-Living-Adjustments were increased from 2.00% to 2.50%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2023.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO**

Notes to the Required Supplementary Information

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 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%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2023.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2023 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2023	3.69 percent
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

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Required Supplementary Information

Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
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 2023	7.00 percent decreasing to 4.40 percent
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 2023	7.00 percent decreasing to 4.40 percent
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

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 years 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 modified.

THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Notes to the Required Supplementary Information

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. 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.

There were no benefit term changes from the amounts reported for fiscal year 2022 and 2023.

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**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	3L70	\$ 25,230
National School Lunch Program	10.555	3L60	68,051
Total - Child Nutrition Cluster			<u>93,281</u>
State Pandemic Electronic Benefits Transfer Administrative Cost Grants	10.649	3L70	692
Total U.S. Department of Agriculture			<u>93,973</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	3M20	77,672
Total - Special Education Cluster			<u>77,672</u>
Title I Grants to Local Educational Agencies	84.010	3M00	160,366
Supporting Effective Instruction State Grants	84.367	3Y60	12,946
Student Support and Academic Enrichment Program	84.424	3H10	13,844
<u>Education Stabilization Fund:</u>			
COVID - 19 Elementary and Secondary Emergency Relief Fund II	84.425D	3HS0	192,916
COVID - 19 Elementary and Secondary Emergency Relief Fund III	84.425U	3HS0	491,429
Total - Education Stabilization Fund			<u>684,345</u>
Total U.S. Department of Education			<u>949,173</u>
Total Expenditures of Federal Awards			<u>\$1,043,146</u>

The accompanying notes are an integral part of this schedule.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of The Intergenerational School (the School) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the school.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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



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

The Intergenerational School
Cuyahoga County
11327 Shaker Boulevard Suite 200E
Cleveland, Ohio 44104

To the Board of Education:

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 Intergenerational School, Cuyahoga County, Ohio (the School) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2024

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

The Intergenerational School
Cuyahoga County
11327 Shaker Boulevard Suite 200E
Cleveland, Ohio 44104

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited The Intergenerational School's, Cuyahoga County, Ohio (the School) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on The Intergenerational School's major federal program for the year ended June 30, 2023. The Intergenerational School's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, The Intergenerational School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2024

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**The Intergenerational School
Cuyahoga County**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	84.425 Education Stabilization Fund
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	Not Low Risk

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

OHIO AUDITOR OF STATE KEITH FABER



THE INTERGENERATIONAL SCHOOL

CUYAHOGA 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 3/21/2024

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