OHIO AUDITOR OF STATE
KEITH FABER

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY
JUNE 30, 2022

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CUYAHOGA COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Washington Park Community School
Cuyahoga County
4000 Washington Park Blvd
Newburgh Heights, Ohio 44105

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Washington Park Community School, Cuyahoga County, Ohio as of June 30, 2022, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 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

Keith Faber
Auditor of State
Columbus, Ohio

March 5, 2024

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The discussion and analysis of Washington Park Community School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal years ended June 30, 2022. The intent of this discussion and analysis (MD&A) is to look at the School's financial performance as a whole. Readers should also review the Notes to the Basic Financial Statements and the Basic Financial Statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased $353,421 over fiscal year 2022.

- Current assets decreased slightly by $6,244 during fiscal year 2022.

- Total liabilities decreased $1,001,104 during fiscal year 2022 mostly due to the loan forgiveness of the Paycheck Protection Program (PPP) loan and decrease in net pension liability.

Using this Annual Financial Report

This annual report consists of three parts, the Required Supplementary Information, the Basic Financial Statements and the Notes to the Basic Financial Statements. The Basic Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Statement of Net Position

The following schedule provides a summary of the School's Statement of Net Position for fiscal years ended June 30, 2022 and 2021:

Table 1 - Net Position

	2022	2021
ASSETS		
Current Assets	$ 2,540,571	$ 2,546,815
Net OPEB Asset	109,310	109,896
Capital Assets, Net	468,321	468,323
Total Assets	3,118,202	3,125,034
DEFERRED OUTFLOWS OF RESOURCES		
Pension	388,664	354,951
OPEB	53,949	41,127
Total Deferred Outflows of Resources	442,613	396,078
LIABILITIES		
Current Liabilities	207,230	121,098
Long-term liabilities:		
Due in more than one year:		
Loan Payable	-	170,570
Net Pension Liability	814,927	1,737,910
Net OPEB Liability	80,256	73,939
Total Liabilities	1,102,413	2,103,517
DEFERRED INFLOWS OF RESOURCES		
Pension	960,025	245,894
OPEB	274,542	301,287
Total Deferred Inflows of Resources	1,234,567	547,181
NET POSITION		
Investment in Capital Assets	468,321	468,323
Unrestricted	755,514	402,091
Total Net Position	$ 1,223,835	$ 870,414

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2022, and is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School also adopted GASB Statement No. 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 deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/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 asset/liability to equal the School's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.

2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of these assets/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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability reported by the retirement boards. 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 include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

In fiscal year 2022, cash increased $206,637 over fiscal year 2021 as a result of revenues outpacing expenses, increase in state foundation and federal and state subsidies, and the loan forgiveness from the PPP loan. A decrease in federal grants receivable is from the ESSER grant accounts for a decrease in due from other governments over fiscal year 2021.

Loans due within one year and in more than one year decreased from the prior year due to the School receiving a loan forgiveness on the Paycheck Protection Program loan.

There were changes in net pension/OPEB liability/asset and deferred outflows and inflows of resources for the School. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School's financial statements All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

Statement of Revenue, Expenses, and Changes in Net Position

In order to further understand what makes up the changes in net position for the current year, the following table gives readers the results of activities for 2022 and 2021.

Table 2 - Change in Net Position

	2022	2021
OPERATING REVENUES		
Program Revenues:		
State Foundation	$ 1,678,914	$ 1,522,968
State Distributed Casino Revenue	11,814	8,046
Other Operating Revenues	14,807	31,023
Total Operating Revenues	1,705,535	1,562,037
OPERATING EXPENSES		
Salaries and Wages	924,935	782,980
Fringe Benefits	43,120	105,789
Purchased Services	600,943	440,433
Materials and Supplies	268,583	189,649
Depreciation	17,692	15,124
Other	80,205	34,782
Total Operating Expenses	1,935,478	1,568,757
Operating Loss	(229,943)	(6,720)
NON-OPERATING REVENUES		
Interest Income	547	1,041
Federal and State Subsidies	394,796	576,790
Contributions and Donations	26	450
Loan Forgiveness	187,995	-
Total Non-Operating Revenues	583,364	578,281
Change in Net Position	353,421	571,561
Net Position - Beginning of Year	870,414	298,853
Net Position - End of Year	$ 1,223,835	$ 870,414

Operating Revenues primarily consist of state foundation funding. Federal and State grant funding shown as Non-Operating Revenues decreased in fiscal year 2022 due to decreased federal funding from the ESSER grant (covid funding).

Fringe benefits decreased from fiscal year 2021 to 2022. The change in fringe benefits is primarily associated with the changes in the School's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes. Materials and Supplies increased due to the utilization of inventory at pre-pandemic levels in 2022. Salaries increased from fiscal year 2021 to 2022 due to the increase in pay in order to attract and maintain professional staff. Purchased services increased from fiscal year 2021 to 2022 due to the hiring of services previously done by staff due to inability to find sufficient employees.

Capital Assets

As of June 30, 2022 the School had capital assets of $468,321 invested in land, buildings and improvements, and furniture and equipment.

The following schedule provides a summary of the School's capital assets as of June 30, 2022 and 2021:

Table 3 - Capital Assets at June 30, (Net of Depreciation)

	Governmental Activities	
	2022	2021
Land	$ 90,929	$ 90,929
Buildings and Improvements,net	364,649	359,063
Furniture and Equipment, net	12,743	18,331
Total Capital Assets	$ 468,321	$ 468,323

For more information on capital assets, see Note 4.

Debt

In fiscal year 2021, the School entered into a loan payable agreement for $187,995 under the Paycheck Protection Program (PPP), part of the CARES Act. This loan was forgiven in fiscal year 2022. For more information, see Note 12.

Current Financial Issues

Washington Park Community School is proud of the strong educational services provided to its students. The School serves approximately 176 diverse students across nine grade levels. The school has struggled during the last few years to maintain academic success due to issues developed because of the pandemic. Except for a very brief period, instruction was all face-to-face.

In July 2013, the School purchased the present building without financing. Many building improvements have been made, including a new parking lot, a new roof, many updated windows, an updated heating and cooling system, completely replaced window wells, the removal of a decaying chimney, and new sanitary flooring throughout. The School places the safety and comfort of its staff and students at a high premium.

The School continues to remain a fiscally solvent and responsible guardian of public funds. The plan is for the School to continue to serve the students of the area for years to come.

Contacting the School's Financial Management

This financial report is designed to provide our constituents with a general overview of the School's finances and to show the School's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact Ms. Beth Hargreaves, Treasurer, Washington Park Community School, 4000 Washington Park Boulevard, Newburgh Heights, Ohio 44105.

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 2,297,901
Due from Other Governments	242,670
Total Current Assets	2,540,571
Noncurrent Assets:	
Net OPEB Asset	109,310
Capital Assets:	
Land	90,929
Depreciable Capital Assets, Net of Depreciation	377,392
Total Noncurrent Assets	577,631
Total Assets	3,118,202
DEFERRED OUTFLOWS OF RESOURCES	
Pension	388,664
OPEB	53,949
Total Deferred Outflows of Resources	442,613
LIABILITIES	
Current Liabilities:	
Accounts Payable	57,252
Accrued Wages and Benefits	80,815
Intergovernmental Payable	69,163
Total Current Liabilities	207,230
Noncurrent Liabilities:	
Net Pension Liability	814,927
Net OPEB Liability	80,256
Total Noncurrent Liabilities	895,183
Total Liabilities	1,102,413
DEFERRED INFLOWS OF RESOURCES	
Pension	960,025
OPEB	274,542
Total Deferred Inflows of Resources	1,234,567
NET POSITION	
Investment in Capital Assets	468,321
Unrestricted	755,514
Total Net Position	$ 1,223,835

See accompanying notes to the basic financial statements

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022

OPERATING REVENUES	
Foundation Payments	$ 1,678,914
State Distributed Casino Revenue	11,814
Other Operating Revenues	14,807
Total Operating Revenues	1,705,535
OPERATING EXPENSES	
Salaries	924,935
Fringe Benefits	43,120
Purchased Services	600,943
Materials and Supplies	268,583
Depreciation	17,692
Other	80,205
Total Operating Expenses	1,935,478
Operating Loss	(229,943)
NON-OPERATING REVENUES	
Interest Income	547
Federal and State Subsidies	394,796
Loan Forgiveness	187,995
Contributions and Donations	26
Total Non-operating Revenues	583,364
Change in Net Position	353,421
Net Position - Beginning of Year	870,414
Net Position - End of Year	$ 1,223,835

See accompanying notes to the basic financial statements

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	$ 1,710,671
Cash Received from Other Sources	14,807
Cash Payments for Salaries and Wages	(901,996)
Cash Payments for Fringe Benefits	(328,474)
Cash Payments for Purchased Services	(585,628)
Cash Payments for Materials and Supplies	(275,343)
Cash Payments for Other Expenses	(80,240)
Net Cash Used in Operating Activities	(446,203)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grants	652,267
Contributions and Donations	26
Net Cash Provided by Noncapital Financing Activities	652,293
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	547
Net Cash Provided by Investing Activities	547
Net Increase in Cash and Cash Equivalents	206,637
Cash and Cash Equivalents - Beginning of Year	2,091,264
Cash and Cash Equivalents - End of Year	$ 2,297,901
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES OPERATING ACTIVITIES	
Operating Loss	$ (229,943)
Adjustments:	
Depreciation	17,692
(Increase) Decrease in Assets and Deferred Outflows:	
Due from Other Governments	(44,590)
Net OPEB Asset	586
Deferred Outflows - Pension	(33,713)
Deferred Outflows - OPEB	(12,822)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	8,440
Accrued Wages and Benefits	8,264
Intergovernmental Payable	69,163
Net Pension Liability	(922,983)
Net OPEB Liability	6,317
Deferred Inflows - Pension	714,131
Deferred Inflows - OPEB	(26,745)
Net Cash Used in Operating Activities	$ (446,203)
Schedule of Noncash Non-Capital and Capital Financing Activities	
Loan Forgiveness	$ 187,995
Net Impact of Capital asset accruals	$ (17,690)

See accompanying notes to the basic financial statements

NOTE 1: DESCRIPTION OF THE SCHOOL AND THE REPORTING ENTITY

Washington Park Community School (the “School”) is a non-profit 501(c)(3) corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03 to establish a new start-up school in Cleveland Municipal School District that provides education to students in kindergarten through the eighth grade. The School, which is part of the State’s education program, is independent of any School 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. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School’s tax-exempt status.

The School was reassigned for operation under a contract with the Ohio Department of Education to the Educational Service Center of Lake Erie West (the Sponsor) commencing in the 2006 academic year. The School and the Sponsor entered into multiple agreements extending the contract through fiscal year ending June 30, 2021. The School then entered into a contract with St. Aloysius starting July 1, 2021 through June 30, 2023. 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 a self-appointing, five-member Board of Trustees (the “Board”). The Board 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following are the most significant of the School’s accounting policies.

Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis of accounting refers to when revenues and expenses are recognized in the financial records and reported in the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are 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. Expenses are recognized at the time they are incurred.

Cash and Cash Equivalents

Cash held by the School is reflected as "Equity in pooled cash and cash equivalents" on the Statement of Net Position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents.

During fiscal year 2022, investments were limited to money markets. Investments are reported at fair value; except for nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements, which are reported at cost. Government money market mutual funds are reported at their net asset value.

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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Due from Other Governments

Monies due the School for the year ended June 30, 2022 are recorded as "Due from other governments." A current asset for the receivable is recorded at the time of the event causing the monies to be due.

Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the dates received. The School does not possess any infrastructure.

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, except land and construction in progress, are depreciated using the straight-line method over their estimated lives. All items with a useful life of one year or greater and a value of $1,500 or more are capitalized. The School will also capitalize any purchases that are considered a "controlled" type asset per School policy, although it may be valued at less than $1,500.

Capital Asset Classification	Years
Buildings and Improvements	5-39
Furniture and Equipment	5-10

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 position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statements of net position for pension and OPEB, which are explained in Notes 7 and 8.

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 position 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. Deferred inflows of resources related to pension and OPEB are reported on the statements of net position. See Notes 7 and 8.

Operating Revenues and Expenses

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The School participated in State and federal grant programs including the food service program and Title grant funding. Grants and entitlements from these programs are recognized as non-operating revenues in the accounting period in which all eligible requirements have been met.

Compensated Absences

Vacation is taken in a manner which corresponds with the School calendar; therefore, the School does not accrue vacation time as a liability.

Sick leave benefits are earned at the rate of one day per month and cannot be carried into the subsequent year. No accrual for sick time is made since unused sick time is not paid to employees upon employment termination.

Pensions and Other Postemployment Benefits (OPEB)

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

Use of Estimates

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2022 there was no net position restricted by enabling legislation.

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Change in Accounting Principles

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

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School.

GASB Statement No. 87, *Leases* and GASB Implementation Guide 2019-3, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Protection of the School's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Deposits - At fiscal year-end, $1,655,981 of the School's bank balance of $2,209,893 was exposed to custodial credit risk.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School will not be able to recover deposits or collateral securities that are in possession of an outside party. The School has no deposit policy for custodial risk.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Investments

As of June 30, 2022, the School had $215,129 in a money market mutual fund with a maturity less than three months.

Interest Rate Risk The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School.

Credit Risk Federal money markets are exempt from ratings since explicitly guaranteed by a U.S. Government Agency. The School's policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

Concentration of Credit Risk. The School places no limit on the amount that may be invested to any one issuer. The School's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

NOTE 4: **CAPITAL ASSETS**

A summary of the School's capital assets at June 30, 2022:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Capital Assets, not being depreciated:				
Land	$ 90,929	$ -	$ -	$ 90,929
Capital Assets, being depreciated:				
Buildings and Improvements	437,569	17,690	-	455,259
Furniture and Equipment	209,262	-	-	209,262
Total Capital Assets, being depreciated	646,831	17,690	-	664,521
Less Accumulated Depreciation:				
Buildings and Improvements	(78,506)	(12,104)	-	(90,610)
Furniture and Equipment	(190,931)	(5,588)	-	(196,519)
Total Accumulated Depreciation	(269,437)	(17,692)	-	(287,129)
Total Capital Assets being depreciated, Net	377,394	(2)	-	377,392
Governmental Activities Capital Assets, Net	$ 468,323	$ (2)	$ -	$ 468,321

NOTE 5: PURCHASED SERVICES

For the following fiscal year ended, purchased services reported on the Statements of Revenues, Expenses, and Changes in Net Position consisted of the following:

Professional and Technical Services	$ 320,743
Property Services	116,060
Travel Mileage/Meeting	291
Communications	8,034
Utilities	46,744
Contracted Craft or Trade Service	109,071
Total	$ 600,943

NOTE 6: RISK MANAGEMENT

Property and Liability Insurance

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. The School contracts with Utica Insurance Company for property insurance with a $2,000,000 aggregate limit and general liability insurance with a $3,000,000 aggregate limit.

There has been no significant reduction in insurance coverage from prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. In actuality, there have been no claims.

Workers' Compensation

The School makes premium payments to the State 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.

Employee Medical, Dental and Vision Benefits

The School has contracted with a private carrier to provide its full-time employees medical/surgical benefits. The School pays 90% of premiums for this coverage. Employees pay 10% from their earnings.

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

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*.

Plan Description - School Employees Retirement System (SERS)

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.

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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 65 with 5 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers.

The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent.

The School's contractually required contribution to SERS was $20,135 for fiscal year 2022.

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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 and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan.

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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.

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

The School's contractually required contributions to STRS was $100,189 for fiscal year 2022.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0034013%	0.00625274%	
Proportion of the Net Pension Liability Current Measurement Date	0.0041211%	0.00518439%	
Change in Proportionate Share	0.0007198%	-0.00106835%	
Proportionate Share of the Net Pension Liability	$ 152,056	$ 662,871	$ 814,927
Pension Expense	$ (48,428)	$ (73,813)	$ (122,241)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 14	$ 20,479	$ 20,493
Changes of assumptions	3,202	183,892	187,094
Changes in proportion and differences between contributions and proportionate share of contributions	27,735	33,018	60,753
School contributions subsequent to the measurement date	20,135	100,189	120,324
Total Deferred Outflows of Resources	$ 51,086	$ 337,578	$ 388,664
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 3,944	$ 4,155	$ 8,099
Net difference between projected and actual earnings on pension plan investments	78,311	571,270	649,581
Changes in proportion and differences between contributions and proportionate share of contributions	16,645	285,700	302,345
Total Deferred Inflows of Resources	$ 98,900	$ 861,125	$ 960,025

$120,324 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($18,484)	($187,155)	($205,639)
2024	(6,810)	(126,178)	(132,988)
2025	(18,619)	(149,481)	(168,100)
2026	(24,036)	(160,922)	(184,958)
Total	($67,949)	($623,736)	($691,685)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

Mortality rates were based on the PUB-2010 General Employee Amount 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. Mortality among disabled 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.

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.

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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	$ 252,985	$ 152,056	$ 66,939

Changes since measurement date Effective July 1, 2022 SERS made the following changes: Retiree Health Care – changes to monthly premium deductions associated with retiree health insurance and income related Medicare Parts B & D reimbursements. Cost-of-living adjustments – Changes to the cost-of-living adjustments made to retirees' pensions. Normal Retirement Age – changes to the "Normal Retirement Age' for members of Tiers II and IIA.

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.0 percent

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	$ 1,241,309	$ 662,871	$ 174,092

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Changes since measurement date In March 2022, the board eliminated the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The final change to the phased-in age and service requirements will be made Aug. 1, 2023, when 35 years of service will be required for an unreduced retirement.

NOTE 8: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability/Asset

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

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

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

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* on both the accrual and modified accrual bases of accounting.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – School Employees Retirement System (SERS)

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 2022, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000.

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered 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 $1,987 for fiscal year 2022.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB 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, 2021, 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.

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.0034020%	0.00625300%	
Proportion of the Net OPEB Liability/(Asset) Current Measurement Date	0.0042406%	0.00518439%	
Change in Proportionate Share	0.0008386%	-0.00106861%	
Proportionate Share of the Net OPEB Liability/(Asset)	$ 80,256	$ (109,310)	$ (29,054)
OPEB Expense	$ (18,529)	$ (12,148)	$ (30,677)

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 855	$ 3,893	$ 4,748
Changes of assumptions	12,590	6,982	19,572
Changes in proportion and differences between contributions and proportionate share of contributions	20,090	7,552	27,642
School contributions subsequent to the measurement date	1,987	-	1,987
Total Deferred Outflows of Resources	$ 35,522	$ 18,427	$ 53,949
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 39,972	$ 20,027	$ 59,999
Changes of assumptions	10,990	65,209	76,199
Net difference between projected and actual earnings on OPEB plan investments	1,742	30,298	32,040
Changes in proportion and differences between contributions and proportionate share of contributions	80,789	25,515	106,304
Total Deferred Inflows of Resources	$ 133,493	$ 141,049	$ 274,542

$1,987 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (27,932)	$ (34,370)	$ (62,302)
2024	(48,373)	(33,605)	(81,978)
2025	(20,451)	(36,918)	(57,369)
2026	(3,848)	(13,256)	(17,104)
2027	(168)	(4,487)	(4,655)
Thereafter	814	14	828
Total	$ (99,958)	$ (122,622)	$ (222,580)

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – SERS

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

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

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

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

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

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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 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:

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

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 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, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

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 (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School's proportionate share of the net OPEB liability	$ 99,448	$ 80,256	$ 64,926

	1% Decrease (5.75 % decreasing to 3.40 %)	Current Trend Rate (6.75 % decreasing to 4.40 %)	1% Increase (7.75 % decreasing to 5.40 %)
School's proportionate share of the net OPEB liability	$ 61,791	$ 80,256	$ 104,921

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation is presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Inflation	2.50 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

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

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

* 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, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. 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, 2021.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (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	$ 92,240	$ 109,309	$ 123,567

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	$ 122,859	$ 109,309	$ 92,391

Benefit Term Changes Since the Prior Measurement Date In February 2022, the Board approved changes to the demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 9: **JOINTLY GOVERNED ORGANIZATION**

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 28 schools. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Educational Services Center, which serves as fiscal agent, located at 6057 Strip Avenue, NW, Canton, Ohio 44720. During the years ended June 30, 2022 the School paid $5,584 to SPARCC for basic service charges.

NOTE 10: **CONTINGENCIES**

Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. The effect of disallowed claims by the Ohio Department of Education resulted in an increase in intergovernmental payable and decreases to both intergovernmental receivable and intergovernmental revenue at June 30, 2022

Litigation

The School is not party to any claims or lawsuits that would, in the School's opinion, have a material effect of the basic financial statements.

School Foundation

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE review 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. As of the date of this report, ODE has not performed an FTE Review on the School for fiscal year 2022.

As of the date of this report, all ODE adjustments for fiscal year 2022 are finalized.

NOTE 11: **SPONSORSHIP AGREEMENT**

The School entered into an agreement with St. Aloysius (the Sponsor) for a period of two years commencing in the 2021-2022 academic year through fiscal year June 30, 2023. Sponsorship fees are calculated as 3.0 percent of foundation payments received by the School, from the State of Ohio. Sponsorship fees are recorded as purchased services expense on the Statement of Revenues, Expenses, and Change in Net Position. The School paid the Sponsor $45,191 in fiscal year 2022.

NOTE 12: **LONG-TERM OBLIGATIONS**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed on March 27, 2020 in response to COVID-19. The Paycheck Protection Program (PPP) was formed as part of the CARES Act. The PPP allows certain companies to apply for aid through forgivable loans. During fiscal year 2021, the School entered into a loan payable agreement with a bank for a Paycheck Protection Program loan of $187,995. The unsecured note has a principal that matures in September 2025. The School was granted loan forgiveness in fiscal year 2022.

NOTE 13: **COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the School District received Elementary and Secondary School Emergency Relief (ESSER) funding and American Rescue Plan Act (ARP) funding.

NOTE 14: **SUBSEQUENT EVENTS**

The School entered into an agreement with Educational Resource Consultants of Ohio, Inc. (the Sponsor) for a period of two years commencing on July 1, 2023 through June 30, 2025.

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST NINE YEARS (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0041211%	0.0034013%	0.0046271%	0.0077902%	0.0079272%	0.0084163%	0.0056870%	0.0064940%	0.0064940%
School's Proportionate Share of the Net Pension Liability	$ 152,056	$ 224,969	$ 276,848	$ 446,159	$ 473,633	$ 615,996	$ 323,462	$ 328,658	$ 386,177
School's Covered Payroll	$ 147,307	$ 114,871	$ 156,785	$ 257,059	$ 260,493	$ 302,443	$ 254,552	$ 287,785	$ 249,769
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.22%	195.84%	176.58%	173.56%	181.82%	203.67%	127.07%	114.20%	154.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST NINE YEARS (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.005184391%	0.00625274%	0.00666839%	0.00619690%	0.00749169%	0.00699755%	0.00834023%	0.00816722%	0.00816722%
School's Proportionate Share of the Net Pension Liability	$ 662,871	$ 1,512,941	$ 1,474,674	$ 1,362,559	$ 1,779,667	$ 2,342,291	$ 2,304,996	$ 1,986,551	$ 2,366,366
School's Covered Payroll	$ 607,679	$ 790,707	$ 736,536	$ 782,536	$ 752,486	$ 835,471	$ 911,400	$ 858,969	$ 847,085
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	109.08%	191.34%	200.22%	174.12%	236.51%	280.36%	252.91%	231.27%	279.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS – PENSION
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 20,135	$ 20,623	$ 16,082	$ 21,166	$ 34,703	$ 36,469	$ 42,342	$ 33,550	$ 39,887	$ 34,568
Contributions in Relation to the Contractually Required Contribution	(20,135)	(20,623)	(16,082)	(21,166)	(34,703)	(36,469)	(42,342)	(33,550)	(39,887)	(34,568)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Covered Payroll	$143,821	$147,307	$114,871	$156,785	$257,059	$260,493	$302,443	$254,552	$287,785	$249,769
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS – PENSION
STATE TEACHERS' RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$100,189	$ 85,075	$110,699	$103,115	$109,555	$105,348	$116,966	$ 127,596	$ 111,666	$ 110,121
Contributions in Relation to the Contractually Required Contribution	(100,189)	(85,075)	(110,699)	(103,115)	(109,555)	(105,348)	(116,966)	(127,596)	(111,666)	(110,121)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Covered Payroll	$715,636	$607,679	$790,707	$736,536	$782,536	$752,486	$835,471	$ 911,400	$ 858,969	$ 847,085
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST SIX YEARS (1)

	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0042406%	0.0034020%	0.0046880%	0.0079094%	0.0080742%	0.0082595%
School's Proportionate Share of the Net OPEB Liability	$ 80,256	$ 73,939	$ 117,883	$ 219,428	$ 216,690	$ 235,425
School's Covered Payroll	$ 147,307	$ 114,871	$ 156,785	$ 257,059	$ 260,493	$ 302,443
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	54.48%	64.37%	75.19%	85.36%	83.18%	77.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
STATE TEACHERS' RETIREMENT SYSTEM OF OHIO
LAST SIX FISCAL YEARS (1)

	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability/Asset	0.00518439%	0.00625300%	0.00666800%	0.00619690%	0.00749169%	0.00699755%
School's Proportionate Share of the Net OPEB Liability/(Asset)	$ (109,310)	$ (109,896)	$ (110,438)	$ (99,578)	$ 292,298	$ 374,231
School's Covered Payroll	$ 607,679	$ 790,707	$ 736,536	$ 782,536	$ 752,486	$ 835,471
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-17.99%	-13.90%	-14.99%	-12.73%	38.84%	44.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

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

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

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS – OPEB
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution (1)	$ 1,987	$ 2,684	$ 1,583	$ 3,391	$ 5,586	$ 4,539	$ 3,023	$ 6,339	$ 3,973	$ 400
Contributions in Relation to the Contractually Required Contribution	(1,987)	(2,684)	(1,583)	(3,391)	(5,586)	(4,539)	(3,023)	(6,339)	(3,973)	(400)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School Covered Payroll	$143,821	$147,307	$114,871	$156,785	$257,059	$260,493	$302,443	$254,552	$287,785	$247,769
OPEB Contributions as a Percentage of Covered Payroll (1)	1.38%	1.82%	1.38%	2.16%	2.17%	1.74%	1.00%	2.49%	1.38%	0.16%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

WASHINGTON PARK COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS – OPEB
STATE TEACHERS' RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,590	$ 8,471
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	(8,590)	(8,471)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Covered Payroll	$715,636	$607,679	$79,707	$736,536	$782,536	$752,486	$835,471	$ 911,400	$858,969	$84,785
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

Net Pension Liability

Changes of benefit terms- SERS

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

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2021. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%.

Changes in benefit terms – STRS

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

Changes in assumptions – STRS

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

Net OPEB Liability

Changes of benefit terms- SERS

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

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent
Medicare Trend Assumption	
Medicare	
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2020 and 2021, the health care cost trend rates were modified.

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

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OHIO AUDITOR OF STATE
KEITH FABER

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

Washington Park Community School
Cuyahoga County
4000 Washington Park Blvd
Newburgh Heights, Ohio 44105

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the Washington Park Community School, Cuyahoga County (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 5, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

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

March 5, 2024

SCHEDULE OF FINDINGS
JUNE 30, 2022

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

FINDING NUMBER 2022-001

Significant Deficiency – Bank Reconciliation Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

The School's initial June 30, 2022 bank reconciliation provided to the auditors was not accurate or complete due to an overstated outstanding check list and unposted fiscal year 2022 transactions. The Treasurer corrected the list of outstanding checks, updated the accounting system to reflect the unposted transactions and provided the auditors with an accurate bank reconciliation. The Treasurer was only able to provide support for $47,086 of the $47,863 variance, leaving the remaining $777 unknown. An adjustment of $47,863, to which management agreed, was made to the accompanying financial statements and the School's accounting system

Failure to reconcile monthly increases the possibility that the School will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions in a timely manner and prepare monthly bank to book cash reconciliations timely, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response:

Reconciliation has been a problem since the transition to the Redesign software. We point to 20 years of perfect audits with perfect bank balances to demonstrate this has not been an ongoing issue. For us, the Redesign rollout from the state was not adequate. We knew it was an ongoing problem and requested help from our sponsor at the time, ODE, IT personnel, and the auditor's office. Each assured us it was not their responsibility to help us resolve our problems. Perhaps the state would do better to target funds for assistance to districts instead of simply locating mistakes after the fact.

FINDING NUMBER 2022-002

Significant Deficiency - Disbursements, Contracts, and Supporting Documentation

Maintaining sufficient and organized documentation and support for financial transactions is essential in assuring the School's financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Further, expenditures should be supported by original documentation, including all steps of the procurement process.

While not always required by law, a properly prepared and executed contact will clarify the terms, conditions, and responsibilities of each party of the agreement, and provide legal protections in the event that agreement is breached.

The following deficiencies were noted:

- The Treasurer is paid as a contractual service provider. The contract provides for an hourly rate of pay with no minimum or maximum number of hours, no length of time for billing, no detail on the expected process or requirements to document and request payment for hours worked nor for payment of any necessary reimbursement . Underlying documentation and support, for the four contractual payments made to the Treasurer, was limited to invoices showing the number of hours worked, the hourly rate and a total amount. However, three of the four invoices did not show evidence of review and approval by the Board President. Of these three, we were able to perform alternative procedures to gain the necessary audit assurances for two of the transactions that had the cancelled check stamped by the Board President. In addition, a reimbursement check to the Treasurer, for a purchase made for the School, did not show evidence of review and approval by the Board President.

- Contractual Agreements with both the Treasurer and Finance Director are not dated, as to when they were drafted or approved and do not include a maximum amount of potential hours to compensate for.

- Invoices from the Treasurer and Finance Director do not include the dates worked and/or timeframe covered for the services provided and billed. The services performed, as shown on the invoices, are very general and are not individually quantifiable or matched to the number of hours worked and billed.

- For consultation and coaching services, the School does not execute contracts. They do not directly solicit proposals for desired services but engage with vendor and pay based on a proposal and typed invoice for services.

- Invoices for two of the four expenditures related to coaching services, included hotel reimbursements above the rate reflected in the proposals for coaching services. In addition, one of the invoices also included a reimbursement for drive time, which was not specified in the proposal. Finally, the invoice for one of the expenditures did not breakdown the non-wage related costs associated with mileage, hotel charges and meals so it was unclear what rates were charged or if the calculations were correct.

- Further, the School does not have formal policies and procedures over the processes by which contracts and agreements are solicited, awarded, executed, monitored, and approved.

Failure to maintain and properly organize underlying documentation and support for expenditure transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose. Further, the absence of appropriate approval of contractual service payments to management, in lieu of payroll wages, could result in improper compensation and potential fraud. Additionally, the lack of formal process over contracts and agreements could result in the School overpaying for services and/or potential conflicts of interest.

The School should maintain original invoices and support for all non-payroll expenditures, including documentation of evidencing the review and approval by the appropriate authoritative individual. Supporting documentation for each expenditure should be maintained and organized together. Contracts, agreements and invoices should be in sufficient detail to support the individual transactions. Where applicable, charges shown on invoices should be matched and agreed to the associated contract or agreement, as to amounts allowed, maximums and any differences should be supported and/or justified. Finally, formal policies and procedures over contracts and agreements should be implemented.

Official's Response:

We appreciate that there could be stronger approvals done on invoices; however, we dispute that no approvals were done. The Board approves all expenditures in a resolution every month. This includes Treasurer services and the services of all other vendors. When these actions are documented in Board minutes, is it necessary to have a signature by the Board president on an invoice?

Auditor of State's Conclusion:

We do not dispute that general Board approval of some expenditures and the monthly financial report(s) were reflected in the School minutes. However, individual expenditure amounts were not listed, nor was there any attached exhibit, listing the individual expenditures, or mention of such an exhibit. Further, it is unclear whether Board approval of expenditures at the monthly meetings occurred before the payment was processed or after the fact. We consider the approval of invoices and/or other support, for individual expenditure transactions, to be an important and necessary step in the control process over the non-payroll transaction cycle.

OHIO AUDITOR OF STATE
KEITH FABER

WASHINGTON PARK COMMUNITY 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

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