

***GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO***

Regular Audit

For the Year Ended June 30, 2024





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Columbus, Ohio 43215
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Board of Directors
Greater Summit County Early Learning Center
1651 Massillon Road
Akron, Ohio 44312

We have reviewed the *Independent Auditor's Report* of the Greater Summit County Early Learning Center, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2025

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**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY
REGULAR AUDIT
For the Year Ending June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Greater Summit County Early Learning Center
Summit County
1651 Massillon Road
Akron, Ohio 44312

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Greater Summit County Early Learning Center, Summit County, Ohio (the Center), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center'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 respective financial position of the Greater Summit County Early Learning Center, Summit County, Ohio as of June 30, 2024, and the respective changes in financial position and cash flows thereof 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 Center, 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 Center'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 opinions. 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 Center'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 Center's ability to continue as a going concern for a reasonable period of time.

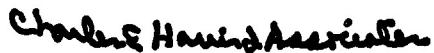
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 liabilities, other postemployment benefit liabilities/assets, and pension and other postemployment benefit contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 January 27, 2025, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
January 27, 2025

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

The management's discussion and analysis of the Greater Summit County Early Learning Center's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position was \$995,406 at June 30, 2024.
- The School had operating revenues of \$1,175,420, operating expenses of \$1,225,997, and nonoperating revenues of \$112,745 for fiscal year 2024. The total change in net position for the fiscal year was a increase of \$62,168.

Using the Basic Financial Statements

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

Reporting the School's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and 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 the School do financially during fiscal year 2024?" These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and change in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's net pension liability and net other postemployment benefits (OPEB) asset.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

The table below provides a summary of the School's net position at June 30, 2024 and June 30, 2023.

Net Position

	<u>2024</u>	<u>2023</u>
Assets		
Current assets	\$ 669,429	\$ 597,187
Non-current assets:		
Net OPEB asset	150	-
Capital assets, net	<u>330,207</u>	<u>337,381</u>
Total assets	<u>999,786</u>	<u>934,568</u>
Deferred outflows of resources	<u>1,487</u>	<u>366</u>
Liabilities		
Current liabilities	3,101	-
Non-current liabilities	<u>1,658</u>	<u>-</u>
Total liabilities	<u>4,759</u>	<u>-</u>
Deferred inflows of resources	<u>1,108</u>	<u>1,696</u>
Net Position		
Investment in capital assets	330,207	337,381
Restricted	22,844	2,500
Unrestricted	<u>642,355</u>	<u>593,357</u>
Total net position	<u>\$ 995,406</u>	<u>\$ 933,238</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the School's net position totaled \$995,406. The investment in capital assets at June 30, 2024 was \$330,207. A portion of the School's net position, \$22,844, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$642,355.

Current assets at June 30, 2024, represent the amount due from ODEW for the fiscal year 2024 FTE adjustment (see Note 13.B for detail).

Non-current assets include capital assets (see Note 6 for detail). The School purchased the property it had been leasing during fiscal year 2021.

The School reported short-term liabilities of \$3,101 in accounts payable for professional fees and long-term liabilities of \$1,658 in net pension liability at June 30, 2024.

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, respectively, not accounted for as deferred inflows/outflows. The School did not contribute to the State Teachers Retirement System (STRS) during fiscal years 2020 through 2024, therefore a net pension liability/net OPEB assets is not reported at June 30, 2024 or June 30, 2023. Deferred inflows of resources and deferred outflows of resources have been reported in relation to the STRS net pension liability and net OPEB asset (see Notes 11 and 12 for detail) reported in prior years. The change in amounts from fiscal year 2023 to fiscal year 2024 is due to the amortization of the difference between employer contributions and proportionate share of contributions/change in proportionate share.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

The table below shows the changes in net position for fiscal year 2024 and fiscal year 2023.

Change in Net Position

	<u>2024</u>	<u>2023</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,169,280	\$ 748,924
Classroom fees	5,125	5,536
Other	1,015	720
Total operating revenues	<u>1,175,420</u>	<u>755,180</u>
<u>Operating Expenses:</u>		
Purchased services	1,145,619	1,013,270
Materials and supplies	72,861	43,785
Other	343	138
Depreciation	7,174	7,174
Total operating expenses	<u>1,225,997</u>	<u>1,064,367</u>
<u>Nonoperating Revenues:</u>		
State, Federal and other grants	105,938	210,292
Interest revenue	2,705	487
Contributions and donations	4,102	6,437
Total nonoperating revenues	<u>112,745</u>	<u>217,216</u>
Change in net position	62,168	(91,971)
Net position at beginning of year	<u>933,238</u>	<u>1,025,209</u>
Net position at end of year	<u>\$ 995,406</u>	<u>\$ 933,238</u>

The School relies on State foundation revenues for operations, with 90.77 and 77.02 percent of total revenues coming from State foundation for fiscal year 2024 and 2023, respectively. Student enrollment increased from 95 to 112 from fiscal year 2023 to 2024, resulting in an increase in state foundation revenue. State, Federal and other grants for fiscal year 2024 include monies received from the following programs: Network Connectivity, Student Wellness and Success, Title II-A, IDEA Part B, Title I-A, IDEA Early Childhood Education, Title IV-A, and Elementary and Secondary School Emergency Relief (ESSER). The School contracts with the North Central Ohio Educational Service Center and other contractors for instructional, administrative and technical services.

Capital Assets

At June 30, 2024, the School had \$330,207 invested in land and buildings, net of accumulated depreciation. On June 29, 2021, the School purchased the school building it had leased from the Summit County Board of Development Disabilities since April 2017. Refer to Note 6 in the notes to the basic financial statements for more detail on the School's capital assets.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Current Financial Related Activities

The School is sponsored by the ODEW Office of School Sponsorship. The School is reliant upon State foundation monies, private grants, and State and Federal grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for State, Federal and private grant funds that are made available to finance its operations.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Rick Berdine, Fiscal Officer, Greater Summit County Early Learning Center, 1651 Massillon Road, Akron, Ohio 44312.

**BASIC
FINANCIAL STATEMENTS**

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2024**

Assets:

Current assets:

Cash	\$ 651,565
Receivables:	
Intergovernmental	559
Prepayments	17,305
Total current assets	<u>669,429</u>
Non-current assets:	
Net OPEB asset	150
Capital assets, not being depreciated	64,772
Capital assets, being depreciated	265,435
Total non-current assets	<u>330,357</u>
Total assets	<u>999,786</u>

Deferred outflows of resources:

Pension	1,348
OPEB	139
Total deferred outflows of resources	<u>1,487</u>

Liabilities:

Current liabilities:

Accounts payable	3,101
Non-current liabilities:	
Net pension liability	1,658

Total liabilities

4,759

Deferred inflows of resources:

Pension	950
OPEB	158
Total deferred inflows of resources	<u>1,108</u>

Net position:

Investment in capital assets	330,207
Restricted for:	
Locally funded programs	12,694
State funded programs	10,000
OPEB	150
Unrestricted	<u>642,355</u>
Total net position	<u>\$ 995,406</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Operating revenues:

State foundation	\$ 1,169,280
Classroom fees	5,125
Other	1,015
Total operating revenues	<u>1,175,420</u>

Operating expenses:

Purchased services	1,145,619
Materials and supplies	72,861
Other	343
Depreciation	7,174
Total operating expenses	<u>1,225,997</u>

Operating loss

(50,577)

Non-operating revenues:

State, Federal and other grants	105,938
Interest revenue	2,705
Contributions and donations	4,102
Total non-operating revenues	<u>112,745</u>

Change in net position

62,168

Net position at beginning of year

933,238

Net position at end of year

\$ 995,406

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cash flows from operating activities:

Cash received from state foundation	\$ 1,168,788
Cash received from classroom fees	5,125
Cash received from other operations	1,015
Cash payments for purchased services	(1,147,512)
Cash payments for materials and supplies	(72,861)
Cash payments for other expenses	<u>(343)</u>
Net cash used in operating activities	<u>(45,788)</u>

Cash flows from noncapital financing activities:

Cash received from grants and subsidies	105,938
Cash received from contributions and donations	<u>4,102</u>
Net cash provided by noncapital financing activities	<u>110,040</u>

Cash flows from investing activities:

Interest received	<u>2,705</u>
Net cash provided by investing activities	<u>2,705</u>
Net increase in cash	66,957

Cash at beginning of year	584,608
Cash at end of year	<u>\$ 651,565</u>

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (50,577)
Adjustments:	
Depreciation	7,174
Changes in assets and liabilities:	
(Increase) in intergovernmental receivable	(492)
(Increase) in prepayments	(4,793)
(Increase) in net OPEB asset	(150)
(Increase) in deferred outflows - pension	(1,195)
Decrease in deferred outflows - OPEB	74
Increase in accounts payable	3,101
Increase in net pension liability	1,658
(Decrease) in deferred inflows - pensions	(727)
Increase in deferred inflows - OPEB	<u>139</u>
Net cash used in operating activities	<u>\$ (45,788)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL

The Greater Summit County Early Learning Center (the “School”) doing business as Scope Academy is a tax exempt, nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 as a community school. The School was created as a conversion type community school, to provide children with a quality learning environment that is responsive to their individual growth and development. The School, which is part of the State’s education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School signed a contract with the Summit County ESC, to operate for a period from July 1, 2011 through June 30, 2013 as well as July 1, 2013 through June 30, 2015. The sponsorship contract was also renewed for a one-year period from July 1, 2015 through June 30, 2016 and for July 1, 2016 through June 30, 2017. On December 1, 2016, the Ohio Department of Education (ODE) Office of School Sponsorship assumed sponsorship of the School and on December 14, 2016, the Office of School Sponsorship Oversight Committee voted to approve the renewal of the School’s agreement for a term of two years. The School entered into a sponsorship agreement with the ODE Office of School Sponsorship for a five-year period effective July 1, 2019 through June 30, 2024.

The School operates under a self-appointing, six-member Board of Directors (the “Board”). The School’s Bylaws & Policies specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The facility is staffed with teaching personnel employed by the School’s fiscal agent, the North Central Ohio Educational Service Center (ESC), and other contract employees (see Note 10 for detail), who provide services to 112 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges 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.

B. Measurement Focus

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

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting

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

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

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

Expenses are recognized at the time that they are incurred.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 11 and 12 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

E. 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 requires a detailed school budget for each year of the contract.

F. Deposits and Investments

Cash received by the School is reflected as "cash" on the statement of net position. Unless otherwise noted, all monies received by the School are pooled and deposited in a central bank account as demand deposits. During fiscal year 2024, the School had investments in nonnegotiable certificates of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

G. Capital Assets and Depreciation

Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The School has established a capitalization threshold of \$5,000. The School does not have 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.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Land improvements	10 years
Furniture, fixtures and equipment	5-10 years

H. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “investment in capital assets,” consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its 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.

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

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

J. Intergovernmental Revenues

The School currently participates in the State Foundation, Special Education, English Learners and Facilities Programs. Revenue received from these programs is recognized as operating revenues. Amounts awarded under these programs for the fiscal 2024 school year totaled \$1,169,280.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. The School currently participates in the Network Connectivity, Ohio Attorney General’s School/Law Enforcement Technology Linking Safety, IDEA Part B, Title I-A, Title IV-A, and Elementary and Secondary School Emergency Relief (ESSER) programs. Federal, State, and private grant revenue received during fiscal year 2024 was \$105,938.

K. Accrued Liabilities and Long-Term Obligations

Accrued liabilities include accounts payable. The net pension/net OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension plan’s fiduciary net position is not sufficient for payment of those benefits.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Operating Revenues and Expenses

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

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2024, the School has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the School.

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the School.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School.

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS

At June 30, 2024, the carrying amount of all School deposits was \$651,565 and the bank balance was \$662,415. \$662,415 of the bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2024, consisted of intergovernmental receivables (e.g. state foundation). All receivables are considered collectible in full.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance 06/30/24	Additions	Deductions	Balance 06/30/23
<i>Capital assets, not being depreciated:</i>				
Land	\$ 64,772	\$ -	\$ -	64,772
<i>Capital assets, being depreciated:</i>				
Buildings	286,957	- -	- -	286,957
Less: accumulated depreciation:				
Buildings	(14,348)	(7,174)	- -	(21,522)
Total capital assets, being depreciated	272,609	(7,174)	- -	265,435
<i>Total capital assets, net</i>	<u>\$ 337,381</u>	<u>\$ (7,174)</u>	<u>\$ -</u>	<u>\$ 330,207</u>

NOTE 7 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; and natural disasters. The School has obtained commercial insurance from Liberty Mutual Insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and Omissions.

During the past three fiscal years, the School made no payments for losses that exceeded insurance coverage. There has not been any significant reduction in insurance coverage from the prior year.

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - PURCHASED SERVICES

For the fiscal year ended June 30, 2024, purchased services expenses were as follows:

	<u>Amount</u>
Professional and technical services	\$ 969,023
Property services and rent	117,287
Training	663
Utilities	22,246
Pupil transportation	190
Sponsor fees	36,210
Total	<u>\$ 1,145,619</u>

NOTE 9 - SPONSOR FEES

The Agreement between the School and the ODE Office of School Sponsorship allows for sponsor fee payments not to exceed 3% of the total amount of payments from the State for operating expenses in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract.

During fiscal year 2024, the School paid \$36,210 to the Sponsor for these fees.

NOTE 10 - CONTRACTS

Personnel and Fiscal Officer

The School entered into an agreement effective July 1, 2023 through June 30, 2024, with the North Central Ohio ESC to provide planning, instructional, administrative, and technical services. Personnel providing services to the School on the purchased services basis are employees of the North Central Ohio ESC and other contract employees.

The School has contracted with a fiscal officer for a one-year term effective July 1, 2023 through June 30, 2024.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions--between an employer and its employees--of salaries and benefits for employee services. Pensions/OPEB are provided to an employee--on a deferred-payment basis--as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability (asset) represent the School's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* 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 - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website 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 (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% 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.

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**NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity 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. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was \$-0- for fiscal year 2024.

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, 2023, 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.

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>STRS</u>
Proportion of the net pension liability prior measurement date	0.0000000000%
Proportion of the net pension liability current measurement date	<u>0.000007700%</u>
Change in proportionate share	<u>0.000007700%</u>
Proportionate share of the net pension liability	\$ 1,658
Pension expense	\$ (264)

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>STRS</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$ 63
Changes of assumptions	137
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>1,148</u>
Total deferred outflows of resources	<u>\$ 1,348</u>

	<u>STRS</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 3
Net difference between projected and actual earnings on OPEB plan investments	6
Changes of assumptions	102
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>839</u>
Total deferred inflows of resources	<u>\$ 950</u>

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

	<u>STRS</u>
Fiscal Year Ending June 30:	
2025	\$ (567)
2026	235
2027	449
2028	<u>281</u>
Total	<u>\$ 398</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net pension liability	\$ 2,550	\$ 1,658	\$ 904

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The 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% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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**NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability/asset was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

STRS	
Proportion of the net OPEB	
liability/asset prior measurement date	0.0000000000%
Proportion of the net OPEB	
liability/asset current measurement date	<u>0.000007700%</u>
Change in proportionate share	<u>0.000007700%</u>
Proportionate share of the net	
OPEB asset	\$ (150)
OPEB expense	\$ 63

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

STRS	
Deferred outflows of resources	
Net difference between projected and	
actual earnings on OPEB plan investments	\$ 4
Changes of assumptions	26
Difference between employer contributions	
and proportionate share of contributions/	
change in proportionate share	<u>109</u>
Total deferred outflows of resources	<u>\$ 139</u>
STRS	
Deferred inflows of resources	
Differences between expected and	
actual experience	\$ 23
Changes of assumptions	96
Difference between employer contributions	
and proportionate share of contributions/	
change in proportionate share	<u>39</u>
Total deferred inflows of resources	<u>\$ 158</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Fiscal Year Ending June 30:	<u>STRS</u>
2025	\$ 52
2026	(26)
2027	(13)
2028	(14)
2029	(14)
Thereafter	<u>(4)</u>
Total	<u><u>\$ (19)</u></u>

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023		June 30, 2022	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%	2.50%	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%			
Investment rate of return	7.00%, net of investment expenses, including inflation			
Payroll increases	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%	0.00%	0.00%
Discount rate of return	7.00%	7.00%	7.00%	7.00%
Blended discount rate of return	N/A	N/A	N/A	N/A
Health care cost trends				
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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**NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

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

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB asset is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB asset, what the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB asset 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 (6.75% decreasing to 4.40%).

	Current		
	1% Decrease	Discount Rate	1% Increase
School's proportionate share of the net OPEB asset	\$ 127	\$ 150	\$ 170
	1% Decrease	Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	\$ 171	\$ 150	\$ 125

NOTE 13 - CONTINGENCIES

A. Grants

The School received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2024.

B. Foundation Funding

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 and Workforce (ODEW) 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, ODEW 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 a result of the fiscal year 2024 reviews to-date, the School is due \$559 from ODEW, which is reported in intergovernmental receivable.

C. Litigation

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

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
SCHOOL PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST SIX AND SEVEN FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.000007700%	\$ 1,658	\$ -	N/A	80.02%
2023	0.000000000%	-	-	N/A	78.88%
2022	0.000000000%	-	-	N/A	87.78%
2021	0.000000000%	-	-	N/A	75.48%
2020	0.000020440%	4,520	3,464	130.48%	77.40%
2019	0.000017150%	3,771	1,950	193.38%	77.31%

Fiscal Year (2)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ -	14.00%
2023	-	-	-	-	14.00%
2022	-	-	-	-	14.00%
2021	-	-	-	-	14.00%
2020	-	-	-	-	14.00%
2019	485	(485)	-	3,464	14.00%
2018	273	(273)	-	1,950	14.00%

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

(2) Information prior to 2018 and 2019 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Note: Prior to fiscal year 2019 the net pension liability was not reported by the School, as the liability was considered by management to not have a material impact on the School's financial statements. Beginning in fiscal year 2019, the net pension liability has been reported.

N/A: The School made no contributions to STRS during fiscal years 2021 - 2024.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
SCHOOL OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST SIX AND SEVEN FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net OPEB Liability/(Asset)	School's Proportionate Share of the Net OPEB Liability/(Asset)	School's Covered Payroll	School's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.000007700%	\$ (150)	\$ -	N/A	168.52%
2023	0.000000000%	-	-	N/A	230.73%
2022	0.000000000%	-	-	N/A	174.73%
2021	0.000000000%	-	-	N/A	182.10%
2020	0.000020440%	(339)	3,464	9.79%	174.74%
2019	0.000017150%	(276)	1,950	14.15%	176.00%

Fiscal Year (2)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ -	0.00%
2023	-	-	-	-	0.00%
2022	-	-	-	-	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	-	-	-	3,464	0.00%
2018	-	-	-	1,950	0.00%

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

(2) Information prior to 2018 and 2019 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Note: Prior to fiscal year 2019 the net OPEB liability/asset was not reported by the School, as the liability/asset was considered by management to not have a material impact on the School's financial statements. Beginning in fiscal year 2019, the net OPEB asset has been reported.

N/A: The School made no contributions to STRS during fiscal years 2021 - 2024.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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, 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.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

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

Greater Summit County Early Learning Center
Summit County
1651 Massillon Rd
Akron, OH 44312

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 Greater Summit County Early Learning Center, Summit County, Ohio (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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*.

Greater Summit County Early Learning Center

Summit County

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

Page 2

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

January 27, 2025

***GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO***

Regular Audit

For the Year Ended June 30, 2023



**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY
REGULAR AUDIT
For the Year Ending June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Greater Summit County Early Learning Center
Summit County
1651 Massillon Road
Akron, Ohio 44312

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Greater Summit County Early Learning Center, Summit County, Ohio (the Center), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center'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 respective financial position of the Greater Summit County Early Learning Center, Summit County, Ohio as of June 30, 2023, and the respective changes in financial position and cash flows thereof 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 Center, 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 Center'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 opinions. 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 Center'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 Center's ability to continue as a going concern for a reasonable period of time.

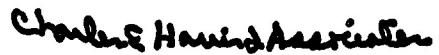
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 liabilities, other postemployment benefit liabilities/assets, and pension and other postemployment benefit contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 January 27, 2025, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
January 27, 2025

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position was \$933,238 at June 30, 2023.
- The School had operating revenues of \$755,180, operating expenses of \$1,064,367, and nonoperating revenues of \$217,216 for fiscal year 2023. The total change in net position for the fiscal year was a decrease of \$91,971.

Using the Basic Financial Statements

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

Reporting the School's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and 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 the School do financially during fiscal year 2023?" These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and change in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's net pension liability and net other postemployment benefits (OPEB) asset.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

The table below provides a summary of the School's net position at June 30, 2023 and June 30, 2022.

Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Current assets	\$ 597,187	\$ 682,391
Non-current assets:		
Capital assets, net	<u>337,381</u>	<u>344,555</u>
Total assets	<u>934,568</u>	<u>1,026,946</u>
Deferred outflows of resources	<u>366</u>	<u>1,206</u>
Liabilities		
Current liabilities	<u>-</u>	<u>403</u>
Deferred inflows of resources	<u>1,696</u>	<u>2,540</u>
Net Position		
Investment in capital assets	337,381	344,555
Restricted	2,500	2,500
Unrestricted	<u>593,357</u>	<u>678,154</u>
Total net position	<u>\$ 933,238</u>	<u>\$ 1,025,209</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the School's net position totaled \$933,238. The investment in capital assets at June 30, 2023 was \$337,381. A portion of the School's net position, \$2,500, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$593,357.

Current assets at June 30, 2023, represent the amount due from ODE for the fiscal year 2023 FTE adjustment (see Note 13.B for detail).

Non-current assets include capital assets (see Note 6 for detail). The School purchased the property it had been leasing during fiscal year 2021.

The School reported short-term liabilities of \$403 in accounts payable at June 30, 2022 for professional fees.

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, respectively, not accounted for as deferred inflows/outflows. The School did not contribute to the State Teachers Retirement System (STRS) during fiscal years 2020 through 2023, therefore a net pension liability/net OPEB assets is not reported at June 30, 2023 or June 30, 2022. Deferred inflows of resources and deferred outflows of resources have been reported in relation to the STRS net pension liability and net OPEB asset (see Notes 11 and 12 for detail) reported in prior years. The change in amounts from fiscal year 2022 to fiscal year 2023 is due to the amortization of the difference between employer contributions and proportionate share of contributions/change in proportionate share.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

The table below shows the changes in net position for fiscal year 2023 and fiscal year 2022.

Change in Net Position

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues:</u>		
State foundation	\$ 748,924	\$ 917,021
Classroom fees	5,536	5,650
Other	720	1,288
Total operating revenues	<u>755,180</u>	<u>923,959</u>
<u>Operating Expenses:</u>		
Purchased services	1,013,270	1,152,069
Materials and supplies	43,785	64,836
Other	138	651
Depreciation	7,174	7,174
Total operating expenses	<u>1,064,367</u>	<u>1,224,730</u>
<u>Nonoperating Revenues:</u>		
State, Federal and other grants	210,292	332,085
Interest revenue	487	283
Contributions and donations	6,437	5,792
Total nonoperating revenues	<u>217,216</u>	<u>338,160</u>
Change in net position	(91,971)	37,389
Net position at beginning of year	<u>1,025,209</u>	<u>987,820</u>
Net position at end of year	<u><u>\$ 933,238</u></u>	<u><u>\$ 1,025,209</u></u>

The School relies on State foundation revenues for operations, with 77.02 and 72.66 percent of total revenues coming from State foundation for fiscal year 2023 and 2022, respectively. Student enrollment decreased from 110 to 95 from fiscal year 2022 to 2023, resulting in a decrease in state foundation revenue. State, Federal and other grants for fiscal year 2023 include monies received from the following programs: Network Connectivity, Student Wellness and Success, Title II-A, IDEA Part B, Title I-A, IDEA Early Childhood Education, Title IV-A, and Elementary and Secondary School Emergency Relief (ESSER). The School contracts with the North Central Ohio Educational Service Center and other contractors for instructional, administrative and technical services.

Capital Assets

At June 30, 2023, the School had \$337,381 invested in land and buildings, net of accumulated depreciation. On June 29, 2021, the School purchased the school building it had leased from the Summit County Board of Development Disabilities since April 2017. Refer to Note 6 in the notes to the basic financial statements for more detail on the School's capital assets.

Current Financial Related Activities

The School is sponsored by the ODE Office of School Sponsorship. The School is reliant upon State foundation monies, private grants, and State and Federal grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for State, Federal and private grant funds that are made available to finance its operations.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Rick Berdine, Fiscal Officer, Greater Summit County Early Learning Center, 1651 Massillon Road, Akron, Ohio 44312.

**BASIC
FINANCIAL STATEMENTS**

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2023**

Assets:

Current assets:

Cash	\$ 584,608
Receivables:	
Intergovernmental.	67
Prepayments	12,512
Total current assets	<u>597,187</u>

Non-current assets:

Capital assets, not being depreciated	64,772
Capital assets, being depreciated	272,609
Total non-current assets.	<u>337,381</u>
Total assets	<u>934,568</u>

Deferred outflows of resources:

Pension	153
OPEB	<u>213</u>
Total deferred outflows of resources	<u>366</u>

Deferred inflows of resources:

Pension	1,677
OPEB	<u>19</u>
Total deferred inflows of resources	<u>1,696</u>

Net position:

Investment in capital assets	337,381
Restricted for:	
Restricted for locally funded programs.	2,500
Unrestricted	<u>593,357</u>
Total net position	<u>\$ 933,238</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Operating revenues:

State foundation.	\$ 748,924
Classroom fees	5,536
Other	720
Total operating revenues.	755,180

Operating expenses:

Purchased services.	1,013,270
Materials and supplies	43,785
Other.	138
Depreciation	7,174
Total operating expenses	1,064,367

Operating loss	(309,187)
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Non-operating revenues:

State, Federal and other grants.	210,292
Interest revenue	487
Contributions and donations	6,437
Total non-operating revenues.	217,216

Change in net position	(91,971)
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Net position at beginning of year	1,025,209
Net position at end of year	\$ 933,238

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Cash flows from operating activities:

Cash received from state foundation.	\$ 748,943
Cash received from classroom fees.	5,536
Cash received from other operations.	720
Cash payments for purchased services.	(1,012,091)
Cash payments for materials and supplies.	(43,785)
Cash payments for other expenses.	<u>(138)</u>
Net cash used in operating activities.	<u>(300,815)</u>

Cash flows from noncapital financing activities:

Cash received from grants and subsidies.	210,292
Cash received from contributions and donations.	<u>6,437</u>
Net cash provided by noncapital financing activities.	<u>216,729</u>

Cash flows from investing activities:

Interest received	487
Net cash provided by investing activities.	<u>487</u>
Net decrease in cash.	<u>(83,599)</u>

Cash at beginning of year	668,207
Cash at end of year	<u>\$ 584,608</u>

Reconciliation of operating loss to net cash used in operating activities:

Operating loss.	\$ (309,187)
Adjustments:	
Depreciation.	7,174
Changes in assets and liabilities:	
Decrease in intergovernmental receivable.	19
Decrease in prepayments.	1,586
Decrease in deferred outflows - pension.	735
Decrease in deferred outflows - OPEB.	105
Decrease in accounts payable.	(403)
(Decrease) in deferred inflows - pensions.	(839)
(Decrease) in deferred inflows - OPEB.	<u>(5)</u>
Net cash used in operating activities.	<u>\$ (300,815)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - DESCRIPTION OF THE SCHOOL

The Greater Summit County Early Learning Center (the “School”) doing business as Scope Academy is a tax exempt, nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 as a community school. The School was created as a conversion type community school, to provide children with a quality learning environment that is responsive to their individual growth and development. The School, which is part of the State’s education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School signed a contract with the Summit County ESC, to operate for a period from July 1, 2011 through June 30, 2013 as well as July 1, 2013 through June 30, 2015. The sponsorship contract was also renewed for a one-year period from July 1, 2015 through June 30, 2016 and for July 1, 2016 through June 30, 2017. On December 1, 2016, the Ohio Department of Education (ODE) Office of School Sponsorship assumed sponsorship of the School and on December 14, 2016, the Office of School Sponsorship Oversight Committee voted to approve the renewal of the School’s agreement for a term of two years. The School entered into a sponsorship agreement with the ODE Office of School Sponsorship for a five-year period effective July 1, 2019 through June 30, 2024.

The School operates under a self-appointing, six-member Board of Directors (the “Board”). The School’s Bylaws & Policies specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The facility is staffed with teaching personnel employed by the School’s fiscal agent, the North Central Ohio Educational Service Center (ESC), and other contract employees (see Note 10 for detail), who provide services to 95 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges 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.

B. Measurement Focus

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

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting

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

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

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

Expenses are recognized at the time that they are incurred.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 11 and 12 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

E. 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 requires a detailed school budget for each year of the contract.

F. Deposits and Investments

Cash received by the School is reflected as "cash" on the statement of net position. Unless otherwise noted, all monies received by the School are pooled and deposited in a central bank account as demand deposits. The School did not have any investments during fiscal year 2023.

G. Capital Assets and Depreciation

Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The School has established a capitalization threshold of \$5,000. The School does not have 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.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Land improvements	10 years
Furniture, fixtures and equipment	5-10 years

H. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its 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.

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

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

J. Intergovernmental Revenues

The School currently participates in the State Foundation, Special Education, English Learners and Facilities Programs. Revenue received from these programs is recognized as operating revenues. Amounts awarded under these programs for the fiscal 2023 school year totaled \$748,924.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. The School currently participates in the Network Connectivity, Student Wellness and Success, Title II-A, IDEA Part B, Title I-A, IDEA Early Childhood Education, Title IV-A, and Elementary and Secondary School Emergency Relief (ESSER) programs. Federal, State, and private grant revenue received during fiscal year 2023 was \$210,292.

K. Accrued Liabilities and Long-Term Obligations

Accrued liabilities include accounts payable. The net pension/net OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Operating Revenues and Expenses

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

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2023, the School has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the School.

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

NOTE 4 - DEPOSITS AND INVESTMENTS

At June 30, 2023, the carrying amount of all School deposits was \$584,608 and the bank balance was \$586,320. \$260,623 of the bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

The School had no investments outstanding at June 30, 2023.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2023, consisted of intergovernmental receivables (e.g. state foundation). All receivables are considered collectible in full.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance</u>	<u>06/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>06/30/23</u>
<i>Capital assets, not being depreciated:</i>						
Land	\$ 64,772	\$ -	\$ -	\$ -	64,772	
<i>Capital assets, being depreciated:</i>						
Buildings	286,957	- -	- -	- -	286,957	
Less: accumulated depreciation:						
Buildings	(7,174)	(7,174)	- -	- -	(14,348)	
Total capital assets, being depreciated	279,783	(7,174)	- -	- -	272,609	
<i>Total capital assets, net</i>	<u>\$ 344,555</u>	<u>\$ (7,174)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,381</u>	

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; and natural disasters. The School has obtained commercial insurance from Liberty Mutual Insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and Omissions.

During the past three fiscal years, the School made no payments for losses that exceeded insurance coverage. There has not been any significant reduction in insurance coverage from the prior year.

NOTE 8 - PURCHASED SERVICES

For the fiscal year ended June 30, 2023, purchased services expenses were as follows:

	<u>Amount</u>
Professional and technical services	\$ 886,354
Property services and rent	78,165
Training	2,114
Utilities	23,933
Pupil transportation	957
Sponsor fees	21,747
Total	<u>\$ 1,013,270</u>

NOTE 9 - SPONSOR FEES

The Agreement between the School and the ODE Office of School Sponsorship allows for sponsor fee payments not to exceed 3% of the total amount of payments from the State for operating expenses in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract.

During fiscal year 2023, the School paid \$21,747 to the Sponsor for these fees.

NOTE 10 - CONTRACTS

Personnel and Fiscal Officer

The School entered into an agreement effective July 1, 2022 through June 30, 2023, with the North Central Ohio ESC to provide planning, instructional, administrative, and technical services. Personnel providing services to the School on the purchased services basis are employees of the North Central Ohio ESC and other contract employees.

The School has contracted with a fiscal officer for a one-year term effective July 1, 2022 through June 30, 2023.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset represents a liability or asset to employees for pensions and OPEB, respectively.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - DEFINED BENEFIT PENSION PLAN - (Continued)

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability (asset) represent the School's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* 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 - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - DEFINED BENEFIT PENSION PLAN - (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity 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. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was \$-0- for fiscal year 2023.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities.

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SUMMIT COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

	<u>STRS</u>
Proportion of the net pension liability prior measurement date	0.000000000%
Proportion of the net pension liability current measurement date	<u>0.000000000%</u>
Change in proportionate share	<u>0.000000000%</u>
Pension expense	\$ (104)

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

	<u>STRS</u>
Deferred outflows of resources	
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 153</u>
Deferred inflows of resources	
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 1,677</u>

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

	<u>STRS</u>
Fiscal Year Ending June 30:	
2024	\$ (686)
2025	<u>(838)</u>
Total	<u>\$ (1,524)</u>

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - DEFINED BENEFIT PENSION PLAN - (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - DEFINED BENEFIT PENSION PLAN - (Continued)

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of 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% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 12 - DEFINED BENEFIT OPEB PLAN

Net OPEB Liability/Asset

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The 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% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability/asset was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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**NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

	<u>STRS</u>
Proportion of the net OPEB	
liability/asset prior measurement date	0.000000000%
Proportion of the net OPEB	
liability/asset current measurement date	<u>0.000000000%</u>
Change in proportionate share	<u>0.000000000%</u>
 OPEB expense	 \$ 100

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

	<u>STRS</u>
Deferred outflows of resources	
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 213</u>
 Deferred inflows of resources	
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 19</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>STRS</u>
Fiscal Year Ending June 30:	
2024	\$ 100
2025	<u>94</u>
Total	<u>\$ 194</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12 - DEFINED BENEFIT OPEB PLAN - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022	June 30, 2021	
Inflation	2.50%	2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%	3.00%	
Cost-of-living adjustments (COLA)	0.00%	0.00%	
Discount rate of return	7.00%	7.00%	
Blended discount rate of return	N/A	N/A	
Health care cost trends			
Medical		Initial	Ultimate
Pre-Medicare	7.50%	3.94%	5.00%
Medicare	-68.78%	3.94%	-16.18%
Prescription Drug			
Pre-Medicare	9.00%	3.94%	6.50%
Medicare	-5.47%	3.94%	29.98%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables 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. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

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

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

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

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

NOTE 13 - CONTINGENCIES

A. Grants

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

B. State Foundation Funding

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.

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**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 13 - CONTINGENCIES - (Continued)

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 a result of the fiscal year 2023 review to-date, the School is due \$67 from ODE, which is reported in intergovernmental receivable.

C. Litigation

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

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2023	2022	2021	2020	2019
School's proportion of the net pension liability	0.00000000%	0.00000000%	0.00000000%	0.00002044%	0.00001715%
School's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ 4,520	\$ 3,771
School's covered payroll	N/A	N/A	N/A	\$ 3,464	\$ 1,950
School's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	130.48%	193.38%
Plan fiduciary net position as a percentage of the total pension liability	75.88%	87.78%	68.55%	77.40%	77.31%

Note: Prior to fiscal year 2019 the net pension liability was not reported by the School, as the liability was considered by management to not have a material impact on the School's financial statements. Beginning in fiscal year 2019, the net pension liability has been reported.

N/A: The School made no contributions to STRS during fiscal years 2021 - 2023.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF SCHOOL'S PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST SIX FISCAL YEARS

	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 485	\$ 273
Contributions in relation to the contractually required contribution	-	-	-	-	(485)	(273)
Contribution deficiency (excess)	<u>\$ -</u>					
School's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 3,464	\$ 1,950
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Note: Information prior to fiscal year 2018 is not available.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2023	2022	2021	2020	2019
School's proportion of the net OPEB asset	0.00000000%	0.00000000%	0.00000000%	0.00002044%	0.00001715%
School's proportionate share of the net OPEB (asset)	\$ -	\$ -	\$ -	\$ (339)	\$ (276)
School's covered payroll	N/A	N/A	N/A	\$ 3,464	\$ 1,950
School's proportionate share of the net OPEB asset as a percentage of its covered payroll	N/A	N/A	N/A	9.79%	14.15%
Plan fiduciary net position as a percentage of the total OPEB asset	230.73%	174.73%	182.10%	174.70%	176.00%

Note: Prior to fiscal year 2019 the net OPEB liability/asset was not reported by the School, as the liability/asset was considered by management to not have a material impact on the School's financial statements. Beginning in fiscal year 2019, the net OPEB asset has been reported.

N/A: The School made no contributions to STRS during fiscal years 2021 - 2023.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST SIX FISCAL YEARS

	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>					
School's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 3,464	\$ 1,950
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Information prior to fiscal year 2018 is not available.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

PENSION

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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.

**GREATER SUMMIT COUNTY EARLY LEARNING CENTER
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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms - (continued):

- For fiscal year 2021, 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.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

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

Greater Summit County Early Learning Center
Summit County
1651 Massillon Rd
Akron, OH 44312

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 Greater Summit County Early Learning Center, Summit County, Ohio (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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*.

*Greater Summit County Early Learning Center
Summit County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
January 27, 2025

OHIO AUDITOR OF STATE KEITH FABER



GREATER SUMMIT COUNTY EARLY LEARNING CENTER

SUMMIT 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 6/3/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov