

**HARRISBURG PIKE  
COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**FINAL AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**





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

Board of Directors  
Harrisburg Pike Community School  
680 Harrisburg Pike, Suite B  
Columbus, Ohio 43223

We have reviewed the *Independent Auditor's Report* of Harrisburg Pike Community School, Franklin County, prepared by Julian & Grube, Inc., for the audit period July 1, 2019 through June 30, 2020. 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. Harrisburg Pike Community School 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

**April 05, 2021**

**This page intentionally left blank.**

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 6
Basic Financial Statements	
Statement of Net Position .....	7
Statement of Revenues, Expenses and Changes in Net Position .....	8
Statement of Cash Flows .....	9
Notes to the Basic Financial Statements.....	10 - 37
Required Supplementary Information	
Schedule of the School’s Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio .....	38 - 39
State Teachers Retirement System (STRS) of Ohio .....	40 - 41
Schedule of School Pension Contributions:	
School Employees Retirement System (SERS) of Ohio .....	42 - 43
State Teachers Retirement System (STRS) of Ohio .....	44 - 45
Schedule of the School’s Proportionate Share of the Net OPEB Liability/Asset:	
School Employees Retirement System (SERS) of Ohio .....	46
State Teachers Retirement System (STRS) of Ohio .....	47
Schedule of School OPEB Contributions:	
School Employees Retirement System (SERS) of Ohio .....	48 - 49
State Teachers Retirement System (STRS) of Ohio .....	50 - 51
Notes to the Required Supplementary Information .....	52 - 53
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	54 - 55

**This page intentionally left blank.**

## Independent Auditor's Report

Harrisburg Pike Community School  
Franklin County  
680 Harrisburg Pike  
Columbus, Ohio 43223

To the Board of Directors:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Harrisburg Pike Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Harrisburg Pike Community School's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Harrisburg Pike Community School's preparation and fair presentation of the financial statements 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 Harrisburg Pike Community School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harrisburg Pike Community School, Franklin County, Ohio, as of June 30, 2020, and the changes in its financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As described in Note 17 to the financial statements, the Harrisburg Pike Community School closed on June 30, 2020. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, and schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 22, 2021, on our consideration of the Harrisburg Pike Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Harrisburg Pike Community School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Harrisburg Pike Community School's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
January 22, 2021



**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The discussion and analysis of the Harrisburg Pike Community School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. 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 2020 are as follows:

- In total, net position was \$1,270 at June 30, 2020.
- The School had operating revenues of \$1,003,108, operating expenses of \$1,237,138, non-operating revenues of \$394,439, and a special item of \$2,104,379 for fiscal year 2020.
- The School closed on June 30, 2020, see Note 17 for detail.

**Using these Basic Financial Statements**

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

**Reporting the School's Financial Activities**

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2020?" The statement of net position and statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting 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 changes 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.

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

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The table below provides a summary of the School's net position for fiscal year 2020 and 2019.

	2020	2019
<b><u>Assets</u></b>		
Current assets	\$ 53,307	\$ 88,359
Non-current assets	-	93,179
Total assets	53,307	181,538
<b><u>Deferred outflows of resources</u></b>	-	440,983
<b><u>Liabilities</u></b>		
Current liabilities	52,037	88,548
Non-current liabilities	-	1,933,223
Total liabilities	52,037	2,021,771
<b><u>Deferred inflows of resources</u></b>	-	864,268
<b><u>Net Position</u></b>		
Unrestricted (deficit)	\$ 1,270	\$ (2,263,518)

At June 30, 2020 and June 30, 2019 the School's net position totaled \$1,270 and deficit (\$2,263,518), respectively. The increase in net position during fiscal year 2020 is due to reporting a special item in the amount of \$2,104,379 due to the closure of the School effective June 30, 2020. Certain assets, deferred outflows of resources, liabilities, and deferred inflows of resources, related to the net pension liability and net OPEB liability/asset, that the School will not be responsible for were written off in fiscal year 2020 (see Note 17.B for detail).

Current assets represent cash, accounts and intergovernmental receivables. Current liabilities represent accounts and intergovernmental payables for professional services. Refer to Notes 2.K, Note 5, Note 10.A and Note 10.B for detail on the current receivables and payables.

The School reported no non-current assets, deferred outflows of resources, liabilities, or deferred inflows of resources at June 30, 2020, due to the special item reported due to the School's closure at June 30, 2020.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The table below shows the changes in net position for fiscal years 2020 and 2019.

**Change in Net Position**

	2020	2019
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 1,003,108	\$ 1,631,681
Total operating revenue	1,003,108	1,631,681
<b><u>Operating Expenses:</u></b>		
Purchased services - management fees	795,332	1,262,309
Sponsorship fees	29,164	47,774
Legal	28,204	18,806
Professional services	37,261	37,693
Operating lease payments	341,252	443,785
Other	5,925	5,805
Total operating expenses	1,237,138	1,816,172
<b><u>Non-operating Revenues:</u></b>		
Federal and State grants	394,439	535,006
Total non-operating revenues	394,439	535,006
Income before special item	160,409	350,515
Special item	2,104,379	-
Change in net position	2,264,788	350,515
Net position (deficit) at beginning of year	(2,263,518)	(2,614,033)
Net position (deficit) at end of year	\$ 1,270	\$ (2,263,518)

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from Federal entitlement programs. The School received less in State foundation revenue due to decrease in student enrollment from 201 students in fiscal year 2019 to 127 students in fiscal year 2020. The School received Federal grant monies through the Child Nutrition Breakfast & Lunch, IDEA-B, IDEA Early Childhood Special Education, Title I, Title I-A, Title IV-A and Title II-A programs during fiscal year 2020.

The School contracted with Imagine Schools, Inc. for management services for fiscal years 2020 and 2019 (see Note 10.B to the basic financial statements for detail). Overall, expenses decreased \$579,034 during fiscal year 2020.

***Debt***

The School had no debt obligations outstanding at June 30, 2020, or June 30, 2019.

***Capital Assets***

At June 30, 2020, the School had no capital assets.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Current Financial Related Activities**

The School was sponsored by St. Aloysius. Effective June 30, 2020, the School closed upon non-renewal of its charter (see Note 17 for detail). The School was reliant upon State foundation monies and Federal Sub-Grants to offer quality, educational services to students.

**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 St. Aloysius, 4721 Reading Road, Cincinnati, Ohio 45237.

**BASIC  
FINANCIAL STATEMENTS**

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2020

<b>Assets:</b>	
Current assets:	
Cash . . . . .	\$ 30,772
Receivables:	
Accounts . . . . .	8,414
Intergovernmental . . . . .	<u>14,121</u>
Total assets . . . . .	<u>53,307</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable. . . . .	43,485
Intergovernmental payable . . . . .	<u>8,552</u>
Total liabilities. . . . .	<u>52,037</u>
<b>Net position:</b>	
Unrestricted . . . . .	<u><u>\$ 1,270</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<b>Operating revenues:</b>	
State foundation . . . . .	\$ 1,003,108
Total operating revenues . . . . .	1,003,108
 <b>Operating expenses:</b>	
Purchased services - management fees . . . . .	795,332
Sponsorship fees . . . . .	29,164
Legal . . . . .	28,204
Professional services . . . . .	37,261
Operating lease payments. . . . .	341,252
Other . . . . .	5,925
Total operating expenses . . . . .	1,237,138
 Operating loss. . . . .	 (234,030)
 <b>Non-operating revenues:</b>	
Federal and State grants. . . . .	394,439
Total non-operating revenues . . . . .	394,439
 Income before special item . . . . .	 160,409
Special item - school closure (see Note 17.B) . . . . .	2,104,379
 Change in net position. . . . .	 2,264,788
 <b>Net position (deficit) at beginning of year . . . . .</b>	 (2,263,518)
 <b>Net position at end of year . . . . .</b>	 \$ 1,270

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<b>Cash flows from operating activities:</b>	
Cash received from State foundation . . . . .	\$ 1,003,851
Cash payments for purchased services - management fees. . . . .	(991,326)
Cash payments for sponsorship fees . . . . .	(29,186)
Cash payments for legal fees . . . . .	(29,815)
Cash payments for professional services . . . . .	(37,324)
Cash payments for operating lease . . . . .	(341,252)
Cash payments for other expenses . . . . .	<u>(5,925)</u>
Net cash used in operating activities . . . . .	<u>(430,977)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from Federal and State grants . . . . .	<u>460,071</u>
Net cash provided by noncapital financing activities. . . . .	<u>460,071</u>
Net increase in cash . . . . .	29,094
<b>Cash at beginning of year . . . . .</b>	<u>1,678</u>
<b>Cash at end of year. . . . .</b>	<u><u>\$ 30,772</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (234,030)
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) in accounts receivable . . . . .	(5,290)
Decrease in intergovernmental receivable . . . . .	3,804
Decrease in net OPEB asset. . . . .	14,908
Decrease in deferred outflows - pensions . . . . .	174,341
(Increase) in deferred outflows - OPEB . . . . .	(7,908)
(Decrease) in accounts payable . . . . .	(41,939)
Increase in intergovernmental payable . . . . .	5,428
(Decrease) in net pension liability . . . . .	(245,385)
(Decrease) in net OPEB liability . . . . .	(37,795)
(Decrease) in deferred inflows - pensions . . . . .	(48,872)
(Decrease) in deferred inflows - OPEB . . . . .	<u>(8,239)</u>
Net cash used in operating activities. . . . .	<u><u>\$ (430,977)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

The Harrisburg Pike Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School specializes in providing students in grades K-6 with a caring, supportive learning community in which members challenge and motivate each other to become proficient, honorable citizens and productive life-long learners. The focus is on students residing in the Columbus City 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 was approved under contract with St. Aloysius (the "Sponsor") commencing on April 18, 2008 and ending on June 30, 2010. On June 28, 2010 the contract was renewed commencing on July 1, 2010 and ending on June 30, 2013. On May 30, 2013 the contract was renewed for a term of two years commencing on July 1, 2013 and ending on June 30, 2015. On June 30, 2015, the contract was renewed for automatic one-year terms effective July 1, 2015 through June 30, 2020. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration. The School's Sponsor voted to not renew the contract with the School and the effective date of non-renewal was June 30, 2020.

The School operates under the direction of a Board of Directors which must contain at least five Directors who are not owners or employees, or relatives of owners or employees, of any company that operates or manages the School. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Board of Directors controls the School's instructional/support facility staffed by employees of the management company who provided services to 127 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. The School uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position and cash flows.

**B. Measurement Focus**

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the School finances meet its cash flow needs.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**C. Basis of Accounting**

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

**D. 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 position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The School had no deferred outflows of resources or deferred inflows of resources outstanding at June 30, 2020.

**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 prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Each year, the School Governing Board, with the assistance of the School's designated fiscal officer, is required to adopt an annual budget by the thirty-first day of October using the format and following the guidelines prescribed by the Ohio Department of Education (ODE).

**F. Cash**

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 2020.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**G. Capital Assets**

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.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Computer equipment is depreciated over three years and other equipment is depreciated over five years.

The School's capital assets were removed from the statement of net position due to the closure at June 30, 2020, which is reported in a special item on the statement of revenues, expenses and changes in net position (see Note 17.B for detail).

**H. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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. Intergovernmental Revenues**

The School currently participates in the State Foundation, Opportunity Grant, Special Education, Targeted Assistance, K-3 Literacy, English Learners, Third Grade Reading Bonus, Facilities, Transportation and Economic Disadvantaged Programs. Revenue received from these programs is recognized as operating revenues. Amounts awarded under these programs for the 2020 school year totaled \$1,003,108.

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. Federal and State grant revenue received during fiscal year 2020 was \$394,439.

**J. Prepayments**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed. The School had no prepayments at June 30, 2020.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**K. Accrued Liabilities and Long-Term Obligations**

All payables and other accrued liabilities are reported on the statement of net position. Accrued liabilities include accounts payable (e.g. amounts due to Imagine Schools Inc. as further described in Note 10.B., sponsor fees, and other professional services fees) and intergovernmental payables (e.g. amounts due to the retirement systems and ODE). The changes in long-term obligations are detailed in Note 11. Net pension/OPEB liability should be recognized to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payments of those benefits.

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

**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.

**O. Special Item**

Special items are transactions or events that are within the control of the School or Sponsor and that are either unusual in nature or infrequent in occurrence. For fiscal year 2020, the School is reporting a special item related to the closure of the School (see Note 17.B for detail).

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2020, the School has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the School.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School.

**NOTE 4 - DEPOSITS**

Custodial credit risk is the risk that, in the event of bank failure, the School’s deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2020, the carrying amount of the School’s deposits was \$30,772 and the bank balance was \$31,585. The entire 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, 2020, consisted of intergovernmental receivables (e.g. grants and entitlements) and accounts receivable from Imagine Schools, Inc. All receivables are considered collectible in full.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for fiscal year 2020 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2020</u>
Equipment	\$ 19,999	\$ -	\$ (19,999)	\$ -
Less: accumulated depreciation	<u>(19,999)</u>	<u>-</u>	<u>19,999</u>	<u>-</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The School’s capital assets were removed from the statement of net position due to the closure at June 30, 2020, which is reported in a special item on the statement of revenues, expenses and changes in net position (see Note 17.B for detail). The School entered into an Assignment of Property agreement effective June 21, 2020 (see Note 17.C for detail).

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

The School has contracted with Imagine Schools, Inc. (See Note 10.B) to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to the systems noted below.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

Plan Description - The School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The School's contractually required contribution to SERS was \$43,940 for fiscal year 2020. Of this amount, \$3,183 is reported in intergovernmental payable on the statement of net position.

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

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

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. 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 or later.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The School was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was \$61,924 for fiscal year 2020. Of this amount, \$3,533 is reported in intergovernmental payable on the statement of net position.



**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

***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, 2019, 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 projected contributions of all participating entities.

\* The net pension liability, deferred outflows of resources, and deferred inflows of resources presented below have been written off at June 30, 2020 and are reported in the special item in the statement of revenues, expenses and changes in net position due to the closure of the School on June 30, 2020. See Note 17.B for details.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.00776640%	0.00579867%	
Proportion of the net pension liability current measurement date	<u>0.00717540%</u>	<u>0.00472584%</u>	
Change in proportionate share	<u>-0.00059100%</u>	<u>-0.00107283%</u>	
Proportionate share of the net pension liability*	\$ 429,317	\$ 1,045,091	\$ 1,474,408
Pension expense	\$ 43,594	\$ (57,646)	\$ (14,052)

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources*</b>			
Differences between expected and actual experience	\$ 10,886	\$ 8,510	\$ 19,396
Changes of assumptions	-	122,766	122,766
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	465	-	465
Contributions subsequent to the measurement date	<u>43,940</u>	<u>61,924</u>	<u>105,864</u>
Total deferred outflows of resources	<u>\$ 55,291</u>	<u>\$ 193,200</u>	<u>\$ 248,491</u>

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources*</b>			
Differences between expected and actual experience	\$ -	\$ 4,524	\$ 4,524
Net difference between projected and actual earnings on pension plan investments	5,510	51,079	56,589
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>22,874</u>	<u>489,402</u>	<u>512,276</u>
Total deferred inflows of resources	<u>\$ 28,384</u>	<u>\$ 545,005</u>	<u>\$ 573,389</u>

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School's proportionate share of the net pension liability	\$ 601,626	\$ 429,317	\$ 284,814

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 7 - 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 July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net pension liability	\$ 1,527,284	\$ 1,045,091	\$ 636,890

**NOTE 8 - DEFINED BENEFIT OPEB PLANS**

The School has contracted with Imagine Schools, Inc. (See Note 10.B) to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting OPEB contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to the systems noted below.

**Net OPEB Liability/Asset**

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

The net OPEB liability/asset represents the School's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/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 OPEB are financed; however, the School does receive the benefit of employees' services in exchange for compensation including OPEB.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

The proportionate share of each plan's unfunded/funded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on the statement of net position.

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

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School's surcharge obligation was \$1,490.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$1,490 for fiscal year 2020, which is reported in intergovernmental payable.

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

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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, 2020, 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, 2019, 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.

\* The net OPEB asset/liability, deferred outflows of resources, and deferred inflows of resources presented below have been written off at June 30, 2020 and are reported in the special item in the statement of revenues, expenses and changes in net position due to the closure of the School on June 30, 2020. See Note 17.B for details.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.00769320%	0.00579867%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.00698410%</u>	<u>0.00472584%</u>	
Change in proportionate share	<u>-0.00070910%</u>	<u>-0.00107283%</u>	
Proportionate share of the net OPEB liability*	\$ 175,635	\$ -	\$ 175,635
Proportionate share of the net OPEB asset*	\$ -	\$ (78,271)	\$ (78,271)
OPEB expense	\$ 126	\$ (37,670)	\$ (37,544)

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources*</b>			
Differences between expected and actual experience	\$ 2,577	\$ 7,096	\$ 9,673
Net difference between projected and actual earnings on OPEB plan investments	423	-	423
Changes of assumptions	12,828	1,645	14,473
Contributions subsequent to the measurement date	<u>1,490</u>	<u>-</u>	<u>1,490</u>
Total deferred outflows of resources	<u>\$ 17,318</u>	<u>\$ 8,741</u>	<u>\$ 26,059</u>
<b>Deferred inflows of resources*</b>			
Differences between expected and actual experience	\$ 38,586	\$ 3,983	\$ 42,569
Net difference between projected and actual earnings on OPEB plan investments	-	4,917	4,917
Changes of assumptions	9,844	85,816	95,660
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>26,254</u>	<u>64,368</u>	<u>90,622</u>
Total deferred inflows of resources	<u>\$ 74,684</u>	<u>\$ 159,084</u>	<u>\$ 233,768</u>

**Actuarial Assumptions - SERS**

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

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



**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net OPEB liability	\$ 213,188	\$ 175,635	\$ 145,777
	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	\$ 140,720	\$ 175,635	\$ 221,960

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% 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 Table 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, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

***Assumption Changes Since the Prior Measurement Date*** - There were no changes in assumptions since the prior measurement date of June 30, 2018.

***Benefit Term Changes Since the Prior Measurement Date*** - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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 asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

**Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	School's proportionate share of the net OPEB asset	\$ 66,789	\$ 78,271

  

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	School's proportionate share of the net OPEB asset	\$ 88,756	\$ 78,271

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 9 - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School maintained the following coverage: general liability, automobile liability, excess/umbrella liability, and property liability through Philadelphia Indemnity Insurance Co.; and workers compensation and employers' liability through Travelers Casualty Insurance Co. of America.

<u>Coverage</u>	<u>Limits of Coverage</u>
General liability:	
Each occurrence	\$ 1,000,000
General aggregate	3,000,000
Medical expenses	10,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	100,000
Products - aggregate	3,000,000
Automobile liability:	
Combined single limit - each accident	1,000,000
Excess/umbrella liability:	
Each occurrence	15,000,000
Aggregate	15,000,000
Retention	10,000
Property liability:	
Building limit	6,000,000
Personal property limit	500,000
Deductible	5,000
Business income with extra expense limit	2,000,000
Workers compensation and employers' liability:	
Each accident	1,000,000
Disease - each employee	1,000,000
Disease - policy limit	1,000,000

Settled claims have not exceeded commercial coverage in the past three years. There has been no significant reduction in coverage from the prior year.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - CONTRACTS**

**A. Sponsor Contract**

The School entered into a sponsorship contract commencing on April 18, 2008 and ending on June 30, 2010 with St. Aloysius (the "Sponsor") for its establishment. On June 28, 2010 the contract was renewed commencing on July 1, 2010 and ending on June 30, 2013. On May 30, 2013 the contract was renewed for a term of two years commencing on July 1, 2013 and ending on June 30, 2015. On June 30, 2015, the contract was renewed for automatic one year terms effective July 1, 2015 through June 30, 2020. The Sponsor voted to not renew the contract with the School and the effective date of non-renewal was June 30, 2020.

The Sponsor carried out the responsibilities established by law, including:

- Monitor the School's compliance with the laws applicable to the School and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the School on at least an annual basis;
- Provide reasonable technical assistance to the School in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the School);
- Take steps to intervene in the School's operation to correct problems in the School's overall performance, declare the School to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the School pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Establish and/or require a plan of action to be undertaken if the School experiences financial difficulties or losses before the end of the school year; and
- Abide by the requirements of its contract with the Ohio Department of Education, even should those requirements affect the School.

The School paid the Sponsor \$29,164 for purchased services during fiscal year 2020. Accounts receivable of \$10 from the Sponsor is included in accounts receivable at June 30, 2020, for reimbursement of the amount due to ODE for fiscal year 2020, in accordance with the sponsorship contract.

**B. Management Contract**

The School entered into a management contract with Imagine Schools, Inc. for management consulting services. Imagine Schools, Inc. is required to provide the following services:

- Personnel & human resources administration
- Program of instruction
- Purchasing & contracts
- Budgeting, financial reporting and audit preparation

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - CONTRACTS - (Continued)**

- Compliance issues
- Curriculum research and development
- Marketing and publicity
- Equipment and facilities
- Grant preparation and management

For the services listed above, the School is required to pay a fee to Imagine Schools, Inc. The fee is equal to approximately 57 percent of the total per pupil allowance received from the State of Ohio and 100 percent of State and/or Federal grant funds received by the School for the creation and operation of its school. Payments to Imagine Schools, Inc. amounted to \$795,332 during fiscal year 2020.

At June 30, 2020, the School reported accounts payable to Imagine Schools, Inc. in the amount of \$43,173. This payable consists of intergovernmental receivables (grants and entitlements) and cash on hand related to a state grant to be transferred to Imagine Schools, Inc. to cover expenses incurred by Imagine Schools, Inc. on the School's behalf, in accordance with the operating contract.

The School's management contract with Imagine Schools, Inc. terminated on June 30, 2020, with the non-renewal of the School's charter by the Sponsor.

**C. Service Contract**

The School entered into a service contract for a period of twelve months, commencing on July 1, 2019 and ending on June 30, 2020, with Charter School Specialists, LLC ("CSS"), to provide fiscal and Comprehensive Continuous Improvement Planning consulting services. The School paid CSS \$31,034 during fiscal year 2020 for these services.

**NOTE 11 - LONG-TERM LIABILITIES**

The following changes occurred in the long-term obligations during fiscal year 2020:

	Balance			Special Item	Balance	Amounts
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Write-off</u>	<u>June 30, 2020</u>	<u>Due in</u>
						<u>One Year</u>
Net pension liability:						
STRS	\$ 1,274,997	\$ -	\$ (229,906)	\$ (1,045,091)	\$ -	\$ -
SERS	444,796	-	(15,479)	(429,317)	-	-
Total net pension liability	<u>1,719,793</u>	<u>-</u>	<u>(245,385)</u>	<u>(1,474,408)</u>	<u>-</u>	<u>-</u>
Net OPEB liability:						
SERS	<u>213,430</u>	<u>-</u>	<u>(37,795)</u>	<u>(175,635)</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 1,933,223</u>	<u>\$ -</u>	<u>\$ (283,180)</u>	<u>\$ (1,650,043)</u>	<u>\$ -</u>	<u>\$ -</u>

The School closed at June 30, 2020. Therefore, the School's net pension liability and net OPEB liability were removed from the statement of net position at June 30, 2020, see Note 17.B for detail.

Net Pension Liability: See Note 7 for information on the School's net pension liability.

Net OPEB Liability: See Note 8 for information on the School's net OPEB liability

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 12 - OPERATING LEASES**

The School entered into a lease agreement on November 17, 2008, with Schoolhouse Finance, LLC to lease classroom space for the School. The term of the lease commenced September 1, 2008, and shall continue through June 30, 2023. Thereafter the lease shall automatically extend for two additional five year terms, unless written notice of intent not to extend is delivered by either party at least one-hundred-eighty days prior to the end of the then current lease term. The School shall pay to Schoolhouse Finance, LLC \$793,584 in annual base rent payable in advance in monthly installments of one-twelfth each on the fifteenth day of each month of the term. The base rent shall escalate annually on July 1 at a rate equal to the greater of the increase in the overall Consumer Price Index All-Urban Consumers, all items less food and energy, and three percent. On March 19, 2009, an amendment was made to the lease that increased the annual base rent payable to \$827,350.

The School entered into an amended and restated sublease agreement dated September 26, 2017, with Schoolhouse Finance, LLC to amend and restate the original lease agreement dated November 17, 2008. The amended and restated sublease is effective September 1, 2017 through June 30, 2027. The sublease shall automatically extend for one additional ten-year period. The annual base rent for the fiscal year ending June 30, 2019, shall be no less than 20% of the actual gross revenue received by the School. Commencing on July 1, 2018 and on the first day of July of each sublease fiscal year thereafter during the sublease term, including renewals (if any) the minimum base rent shall increase by an amount equal to the percentage increase in the base student funding for the current school year as set forth in Section 3317.02(F) of the Ohio Revised Code; provided that in no event will the minimum base rent be reduced by a reduction in the base state funding. For fiscal years 2019 and 2020, the minimum base rent will not be greater than the 22% of total gross revenue for the applicable sublease year; and thereafter will not be greater than 24% of total gross revenue received by the School. The base rent shall be paid monthly to Schoolhouse Finance, LLC, in an amount equal to 1/12<sup>th</sup> of the gross revenues estimated in the charter school budget approved by the School. A final base rent for the applicable sublease fiscal year shall be determined based on the actual gross revenue for that fiscal year.

The School made \$341,252 in payments to Schoolhouse Finance, LLC during fiscal year 2020. The lease between the School and Schoolhouse Finance, LLC expired upon non-renewal of the School's charter effective June 30, 2020.

THIS SPACE IS INTENTIONALLY LEFT BLANK



**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - MANAGEMENT COMPANY EXPENSES**

For the fiscal year ended June 30, 2020, Imagine Schools, Inc. and its affiliates incurred the following expenses (reported on cash-basis) on behalf of the School:

Direct Expenses:

Salaries and wages	
Instruction	\$ 421,363
Support services	77,185
Administrative services	78,274
Fiscal/business services	70,310
Operations and maintenance	31,811
Employees' benefits	
Instruction	161,446
Support services	10,803
Administrative services	20,134
Fiscal/business services	8,670
Operations and maintenance	20,584
Purchased services	
Instruction	48,501
Support services	46,706
Administrative services	65,327
Fiscal/business services	11,000
Operations and maintenance	80,085
Support/food services	77,391
Supplies and materials	
Instruction	31,514
Administrative services	3,085
Other direct costs	
Instruction	87,179
Administrative services	(522,912)
Fiscal/business services	2,013
Total expenses	<u>\$ 830,469</u>

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services in the operation of the School. Such services include, but are not limited to, facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 14 - 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, 2020.

**B. Litigation**

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

**NOTE 15 - FEDERAL TAX STATUS**

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization on May 19, 2009. Management is not aware of any course of action or series of events that might adversely affect the School's tax exempt status.

**NOTE 16 - RELATED PARTY TRANSACTIONS**

Imagine Schools, Inc. and Schoolhouse Finance, LLC are both subsidiaries of Imagine Schools Non-Profit, Inc.

**NOTE 17 - SCHOOL CLOSURE**

- A.** The School closed on June 30, 2020. The School's sponsor voted to not renew the contract with the School and the effective date of non-renewal was June 30, 2020.

The School has followed the closing procedures prescribed by ODE. Those procedures, among others, include official notification to ODE, retirement systems, the students and the community. The closing procedures prescribed by ODE are still pending completion as of the date of this report. Once all costs are known, the School will pay its final costs and any residual cash balances will be remitted to ODE per Ohio Revised Code 3314.074. As of June 30, 2020, the School had a cash balance of \$30,772 and a net position of \$1,270.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 17 - SCHOOL CLOSURE - (Continued)**

**B. Special Item**

The School reported a special item of \$2,104,379 on the statement of revenues, expenses and changes in net position, directly related to the closure, which relates to the removal of assets, deferred outflows of resources, liabilities and deferred inflows of resources for which the School will no longer be responsible. A summary of the items written off and included in the special item follow:

Capital assets:	
Depreciable capital assets, cost	\$ (19,999)
Depreciable capital assets, accumulated depreciation	19,999
Gain on GASB Statement No. 68 write-off:	
Net pension liability	1,474,408
Deferred outflows of resources - pension	(248,491)
Deferred inflows of resources - pension	573,389
Gain on GASB Statement No. 75 write-off:	
Net OPEB asset	(78,271)
Net OPEB liability	175,635
Deferred outflows of resources - OPEB	(26,059)
Deferred inflows of resources - OPEB	<u>233,768</u>
Total special item	<u>\$ 2,104,379</u>

**C. Assignment of Property**

The School (the "Assignor") entered into an Assignment of Property agreement effective June 21, 2020, with Central Point Academy (the "Assignee"), an Ohio nonprofit corporation. The School agreed to grant, convey, assign, transfer, and deliver all equipment and inventory located at 680 Harrisburg Pike, Columbus, Ohio, to the Assignee as described within the agreement.

**NOTE 18 - SUBSEQUENT EVENTS**

**A. Closure Treasurer Services**

The School entered into a contract with Charter School Specialists ("CSS") for closure treasurer services effective July 1, 2020, ending with the dissolution and conclusion of the governing authority business of the School, including the public release of the School's final audit. Either party may terminate this agreement in the event the other party has breached a representation, obligation, or warranty under this agreement, and such breach remains uncured for a period of thirty days after notice of such breach is sent, in writing, by the non-breaching party. The School has agreed to pay CSS \$100 per hour and CSS shall invoice the School by the 15<sup>th</sup> of each month. All fees shall be payable to CSS on the last day of each month.

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 18 - SUBSEQUENT EVENTS - (Continued)**

**B. Post-Closing Services Agreement and Mutual Release**

On July 10, 2020, the School entered into a Post-Closing Services Agreement and Mutual Release agreement with Imagine Schools, Inc. This agreement acknowledges that the School's operating agreement with Imagine Schools, Inc. and the School's lease with Schoolhouse Finance, LLC terminated upon expiration of the School's charter. The School owes Imagine Schools, Inc. amounts under the operating agreement which may exceed the value of the remaining assets of the School. The agreement allows for Imagine Schools, Inc. to continue to provide services in connection with outstanding school closure tasks and dissolution of the School. The agreement will be effective through July 1, 2020 until the earlier of June 30, 2021 or the date of dissolution of the School, but in no event later than 30 days following the public release of the School's fiscal year 2020 audit.

Imagine Schools, Inc. agrees to pay on behalf of the School all reasonable expenses of the Board arising out of the closure of the School and the dissolution of Board expenses, including, but not limited to: Directors and Officers extended reporting period insurance premiums and legal, accounting, auditing and professional fees incurred by the Board in connection with the closing guidance and dissolution of the School. In addition to the Board expenses, Imagine Schools, Inc. agrees to pay any amounts that the Board may be required to repay to the Ohio Department of Education related to an FTE adjustment or adjustment in Federal funding. Imagine Schools, Inc. obligation to pay any amounts pursuant to this agreement shall not exceed a maximum of \$50,000. Upon the effective date, the School will assign to Imagine Schools, Inc. interest in any and all receivables that are currently outstanding or may be generated during the term of this agreement, including without limitation any and all charter school revenues and any and all amounts received from the auction or sale of any property owned by the School.

**C. The activity of the School for the period July 1, 2020 through the date of this report is summarized in the following table:**

Cash balance at June 30, 2020	\$	30,772
Revenue:		
Casino revenue		1,630
Expenses:		
Management fees - payments to Imagine Schools, Inc.		12,421
Professional services		1,252
Other - bank fees		121
Total expenses		13,794
Cash balance at January 22, 2021	\$	18,608

REQUIRED SUPPLEMENTARY INFORMATION

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net pension liability	0.00717540%	0.00776640%	0.00812110%	0.00807360%
School's proportionate share of the net pension liability	\$ 429,317	\$ 444,796	\$ 485,218	\$ 590,913
School's covered payroll	\$ 250,385	\$ 255,215	\$ 267,000	\$ 250,736
School's proportionate share of the net pension liability as a percentage of its covered payroll	171.46%	174.28%	181.73%	235.67%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each 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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00830850%	0.00896900%	0.00896900%
\$ 474,091	\$ 453,916	\$ 533,358
\$ 250,129	\$ 260,635	\$ 288,165
189.54%	174.16%	185.09%
69.16%	71.70%	65.52%

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

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 SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net pension liability	0.00472584%	0.00579867%	0.00712384%	0.00774014%
School's proportionate share of the net pension liability	\$ 1,045,091	\$ 1,274,997	\$ 1,692,283	\$ 2,590,858
School's covered payroll	\$ 554,829	\$ 626,264	\$ 783,179	\$ 814,414
School's proportionate share of the net pension liability as a percentage of its covered payroll	188.36%	203.59%	216.08%	318.13%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each 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



<b>2016</b>	<b>2015</b>	<b>2014</b>
0.00947903%	0.00911638%	0.00911638%
\$ 2,619,727	\$ 2,217,419	\$ 2,641,375
\$ 978,907	\$ 931,446	\$ 943,669
267.62%	238.06%	279.90%
72.10%	74.70%	69.30%

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 43,940	\$ 33,802	\$ 34,454	\$ 37,380
Contributions in relation to the contractually required contribution	<u>(43,940)</u>	<u>(33,802)</u>	<u>(34,454)</u>	<u>(37,380)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 313,857	\$ 250,385	\$ 255,215	\$ 267,000
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 35,103	\$ 32,967	\$ 36,124	\$ 39,882	\$ 37,330	\$ 37,778
<u>(35,103)</u>	<u>(32,967)</u>	<u>(36,124)</u>	<u>(39,882)</u>	<u>(37,330)</u>	<u>(37,778)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 250,736	\$ 250,129	\$ 260,635	\$ 288,165	\$ 277,546	\$ 300,541
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 61,924	\$ 77,676	\$ 87,677	\$ 109,645
Contributions in relation to the contractually required contribution	<u>(61,924)</u>	<u>(77,676)</u>	<u>(87,677)</u>	<u>(109,645)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 442,314	\$ 554,829	\$ 626,264	\$ 783,179
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$ 114,018	\$ 137,047	\$ 121,088	\$ 122,677	\$ 111,668	\$ 135,547
<u>(114,018)</u>	<u>(137,047)</u>	<u>(121,088)</u>	<u>(122,677)</u>	<u>(111,668)</u>	<u>(135,547)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 814,414	\$ 978,907	\$ 931,446	\$ 943,669	\$ 858,985	\$ 1,042,669
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability	0.00698410%	0.00769320%	0.00789980%	0.00788753%
School's proportionate share of the net OPEB liability	\$ 175,635	\$ 213,430	\$ 212,010	\$ 224,824
School's covered payroll	\$ 250,385	\$ 255,215	\$ 267,000	\$ 250,736
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.15%	83.63%	79.40%	89.67%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each 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

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability/asset	0.00472584%	0.00579867%	0.00712384%	0.00774014%
School's proportionate share of the net OPEB liability/(asset)	\$ (78,271)	\$ (93,179)	\$ 277,946	\$ 413,945
School's covered payroll	\$ 554,829	\$ 626,264	\$ 783,179	\$ 814,414
School's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.11%	14.88%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each 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

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,490	\$ 3,784	\$ 4,607	\$ 2,727
Contributions in relation to the contractually required contribution	<u>(1,490)</u>	<u>(3,784)</u>	<u>(4,607)</u>	<u>(2,727)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 313,857	\$ 250,385	\$ 255,215	\$ 267,000
Contributions as a percentage of covered payroll	0.47%	1.51%	1.81%	1.02%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,729	\$ 5,614	\$ 423	\$ 461	\$ 1,526	\$ 4,298
<u>(2,729)</u>	<u>(5,614)</u>	<u>(423)</u>	<u>(461)</u>	<u>(1,526)</u>	<u>(4,298)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 250,736	\$ 250,129	\$ 260,635	\$ 288,165	\$ 277,546	\$ 300,541
1.09%	2.24%	0.16%	0.16%	0.55%	1.43%

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 442,314	\$ 554,829	\$ 626,264	\$ 783,179
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 8,871	\$ 9,437	\$ 8,590	\$ 10,427
-	-	(8,871)	(9,437)	(8,590)	(10,427)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 814,414	\$ 978,907	\$ 931,446	\$ 943,669	\$ 858,985	\$ 1,042,669
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

THIS PAGE IS INTENTIONALLY LEFT BLANK

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

---

PENSION

---

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. 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 years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. 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 2020.

(Continued)

**HARRISBURG PIKE COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

---

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

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) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

*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 increase 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.

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 assumption 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.

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

Harrisburg Pike Community School  
Franklin County  
680 Harrisburg Pike  
Columbus, Ohio 43223

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, the financial statements of the Harrisburg Pike Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Harrisburg Pike Community School’s basic financial statements, and have issued our report thereon dated January 22, 2021, wherein we noted as described in Note 17 to the financial statements, the Harrisburg Pike Community School closed June 30, 2020.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
January 22, 2021



# OHIO AUDITOR OF STATE KEITH FABER



**HARRISBURG PIKE COMMUNITY SCHOOL**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 4/15/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)