

**CONSTELLATION SCHOOLS:  
WESTPARK COMMUNITY MIDDLE  
CUYAHOGA COUNTY, OHIO**

*REGULAR AUDIT*

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022



Rea & associates

[www.reacpa.com](http://www.reacpa.com)





OHIO AUDITOR OF STATE  
KEITH FABER



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

Board of Education  
Constellation Schools: Westpark Community Middle  
16210 Lorain Avenue  
Cleveland, Ohio 44111

We have reviewed the *Independent Auditor's Report* of the Constellation Schools: Westpark Community Middle, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Constellation Schools: Westpark Community Middle 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

December 07, 2022

**This page intentionally left blank.**

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE  
CUYAHOGA COUNTY, OHIO**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	14
Required Supplementary Information:	
Schedule of the WCM's Proportionate Share of the Net Pension Liability	43
Schedule of the WCM's Contributions - Pension	45
Schedule of the WCM's Proportionate Share of the Net OPEB Liability/(Asset)	47
Schedule of the WCM's Contributions - OPEB	49
Notes to Required Supplementary Information	51
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>	55

**This page intentionally left blank.**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Constellation Schools: Westpark Community Middle  
Cuyahoga County, Ohio  
16210 Lorain Ave,  
Cleveland, Ohio 44111

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Constellation Schools: Westpark Community Middle, Cuyahoga County, Ohio, as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 November 21, 2022 on our consideration of the 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 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 School's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Independence, Ohio  
November 21, 2022

## **CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**

Management's Discussion and Analysis

For the Year Ended June 30, 2022

(Unaudited)

The discussion and analysis of Constellation Schools: Westpark Community Middle's (WCM) financial performance provides an overall review of financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the financial performance of WCM as a whole. Readers should also review the Notes to the Financial Statements and the Financial Statements to enhance their understanding of the financial performance of WCM.

### **Financial Highlights**

Key financial highlights for 2022 include the following:

- In total, net position increased \$655,063 from 2021.
- Total assets and deferred outflow of resources totaled \$1,477,990.
- Liabilities and deferred inflow of resources totaled \$2,272,150.
- Operating revenues totaled \$1,676,435.
- Expenses increased totaled \$1,749,187.
- Non-operating revenues totaled \$727,815.

### **Using this Financial Report**

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

### **Statement of Net Position**

The Statement of Net Position looks at how well WCM has performed financially through June 30, 2022. This statement includes all of the assets, deferred outflow of resources, liabilities, deferred inflow of resources and net position using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This basis of accounting takes into account all revenues earned and expenses incurred during the year, regardless as to when the cash is received or expended.

The following schedule provides a summary Statement of Net Position for fiscal years ended June 30, 2022 and 2021 for WCM.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**

Management's Discussion and Analysis

For the Year Ended June 30, 2022

(Unaudited)

	<u>2022</u>	<u>2021</u>
<b>Assets and Deferred Outflow of Resources</b>		
Cash	\$ 798,138	\$ 251,157
Other Current Assets	122,235	282,861
Non-Current Assets	-	28,050
Net OPEB Assets	132,192	116,929
Capital Assets, Net	7,220	9,249
Deferred Outflow of Resources	418,205	394,595
Total Assets and Deferred Outflow of Resources	<u>1,477,990</u>	<u>1,082,841</u>
<b>Liabilities and Deferred Inflow of Resources</b>		
Current Liabilities	53,817	124,631
Long-Term Liabilities	1,062,540	2,097,086
Deferred Inflow of Resources	1,155,793	310,347
Total Liabilities and Deferred Inflow of Resources	<u>2,272,150</u>	<u>2,532,064</u>
<b>Net Position</b>		
Net Investment in Capital Assets	7,220	(36)
Unrestricted	(801,380)	(1,449,187)
Total Net Position	<u>\$ (794,160)</u>	<u>\$ (1,449,223)</u>

Cash increased during the year from revenues outpacing expenses. Other Current assets decreased based on decreases in intergovernmental receivables due to reduced CARES Act funding allocations. Current liabilities and long term liabilities decreased based on principal payments on the note and in addition, long term liabilities, deferred outflow/inflow of resources changed due to fluctuations related to GASB 68/75.

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position reports operating and non-operating activities for the fiscal year ended June 30, 2022.

The following schedule provides a summary of the Statement of Revenues, Expenses and Changes in Net Position for WCM for fiscal years ended June 30, 2022 and 2021.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**

## Management's Discussion and Analysis

For the Year Ended June 30, 2022

(Unaudited)

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
State Aid	\$ 1,665,282	\$ 1,643,382
Other Operating Revenues	11,153	68,121
Total Operating Revenues	<u>1,676,435</u>	<u>1,711,503</u>
Interest Income	22	-
Other Grants	1,800	-
Debt Forgiveness	-	244,486
Federal and State Grants	725,993	682,522
Total Non-Operating Revenues	<u>727,815</u>	<u>927,008</u>
Total Revenues	<u>2,404,250</u>	<u>2,638,511</u>
<b>Expenses</b>		
Salaries	805,478	903,137
Fringe Benefits	4,167	341,798
Interest Expense	-	2,464
Purchased Services	825,168	894,228
Materials and Supplies	95,139	147,987
Depreciation	2,029	2,029
Other Expenses	17,206	20,302
Total Expenses	<u>1,749,187</u>	<u>2,311,945</u>
Changes in Net Position	<u>655,063</u>	<u>326,566</u>
Net Position: Beginning of the Year	<u>(1,449,223)</u>	<u>(1,775,789)</u>
Net Position: at End of Year	<u>\$ (794,160)</u>	<u>\$ (1,449,223)</u>

The most significant change in revenues include increases in federal and state grants due to additional allocations of federal funding from CARES Act resources spent, but not reimbursed at year end. Debt forgiveness decreased due to forgiveness of the PPP loan by SBA during the prior year. Operating revenues remained steady during 2022.

Expenses changes to note are an decrease in material and supplies related to additional CARES Act funding for cleaning supplies at the school, and an decrease of fringe benefits due to the changes in accruals related to GASB 68/75. Salaries decreased due to turnover in staff.

**Capital Assets**

As of June 30, 2022, WCM had \$7,220 invested in technology and software and furniture and equipment, net of depreciation. This is a \$2,029 decrease from June 30, 2021. For more information on capital assets see the Notes to the Financial Statements (See Note 5).

## CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE

Management's Discussion and Analysis

For the Year Ended June 30, 2022

(Unaudited)

### Direct Borrowing

In September 2015, WCM entered into a four-year lease for additional technology equipment. The lease value has been recorded as capital equipment to recognize the assets, and as capital equipment lease payable to recognize the lease debt.

In May of 2020 WCM converted all remaining obligations under all leases with Winthrop (now known as TCF) to a financed purchase with a term of 27 months and no interest due. WCM has title to all equipment. Equipment serves as collateral during the term. In the event of default, TCF may declare all obligations due and payable. The outstanding debt as of June 30, 2022 is \$0, as the note was paid off in full during fiscal year 2022. For more information on equipment financing see the Notes to the Financial Statements (See Note 6).

### Net Pension and OPEB Liabilities/Asset

The net pension and OPEB liability is the largest single liability reported by WCM at June 30, 2022 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to pension and other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of WCM's actual financial condition by adding deferred inflow related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflow related to pension and OPEB and net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for

## CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE

### Management's Discussion and Analysis

For the Year Ended June 30, 2022

(Unaudited)

benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, WCM is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, WCM's statements include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflow/outflow.

There was a significant change in net pension / OPEB liability / asset for WCM. The fluctuations are due to changes in the actuarial liabilities / assets and related accruals that are passed through to WCM's financial statement. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows / inflows and net pension/OPEB liabilities/asset and are described in more detail in their respective notes.



## **CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**

Management's Discussion and Analysis

For the Year Ended June 30, 2022

(Unaudited)

### **Current Financial Issues**

In 2022, the State replaced the existing funding formula with a new formula that was implemented in January 2022 as a result of changes in Ohio law under the passage of HB110. Under the new formula, community schools are funded directly with no deductions or transfers from the student's district of residence. The funding calculation for community schools uses several concepts and formulas, some of which also apply to traditional school districts. These primarily include Base Cost, Special Education, Disadvantaged Pupil Impact Aid, English Learners and Career Technical Education. Combined, these elements make up the Core Foundation Funding and the change in calculated amounts compared to the funding received in Fiscal Year 2020 are being phased-in at 16.67% in Fiscal Year 2022. The phase-in amount will increase to 33.33% in Fiscal Year 2023. Another key provision of HB 110 provided a guarantee that no school would receive less per pupil in Fiscal Year 2022 than it did in Fiscal Year 2021 as a result of implementing this formula change. Additionally, facility related funding was increased from \$250 per pupil to \$500 per pupil in Fiscal Year 2022 and is expected to remain at this level in Fiscal Year 2023.

The Board of Directors, school management and school staff continue to work diligently to ensure that WCM maintains the highest level of educational services and financial integrity that we have always provided. Our goal continues to be providing a strong educational product for our students and families and to maintain the reputation we have developed during our previous years.

### **Contacting the School's Financial Management**

This financial report is designed to provide our constituents with a general overview of the finances for WCM and to show accountability for the monies it receives. If you have any questions about this report or need additional information please contact C. David Massa, Fiscal Officer, at Constellation Schools 5730 Broadview Road, Parma, Ohio 44134.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE - CUYAHOGA COUNTY, OHIO**  
**Statement of Net Position**  
**June 30, 2022**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$	798,138
Prepaid Expenses		38,902
Due from Other Governments		83,333
<b>Total Current Assets</b>		920,373

**Noncurrent Assets:**

Net OPEB Asset		132,192
Capital Assets, net of Accumulated Depreciation		7,220
<b>Total Non-Current Assets</b>		139,412

**Total Assets** 1,059,785

**Deferred Outflows of Resources:**

Pension (STRS & SERS)		383,536
OPEB (STRS & SERS)		34,669
<b>Total Deferred Outflows of Resources</b>		418,205

**Liabilities:**

**Current Liabilities:**

Accrued Wages and Benefits		52,124
Accrued Expenses		1,693
<b>Total Current Liabilities</b>		53,817

**Noncurrent Liabilities:**

Net Pension Liability		975,608
Net OPEB Liability		86,932
<b>Total Noncurrent Liabilities</b>		1,062,540

**Total Liabilities** 1,116,357

**Deferred Inflows of Resources:**

Pension (STRS & SERS)		901,788
OPEB (STRS & SERS)		254,005
<b>Total Deferred Inflows of Resources</b>		1,155,793

**Net Position:**

Investment in Capital Assets		7,220
Unrestricted Net Position		(801,380)
<b>Total Net Position</b>	\$	(794,160)

See Accompanying Notes to the Basic Financial Statements

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE - CUYAHOGA COUNTY, OHIO**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2022**

<b>Operating Revenues:</b>	
State Aid	\$ 1,665,282
Miscellaneous	11,153
<b>Total Operating Revenues</b>	<u>1,676,435</u>
 <b>Operating Expenses:</b>	
Salaries	805,478
Fringe Benefits	4,167
Purchased Services	825,168
Depreciation	2,029
Supplies	95,139
Other Operating Expenses	17,206
<b>Total Operating Expenses</b>	<u>1,749,187</u>
 <b>Operating Income (Loss)</b>	 (72,752)
 <b>Non-Operating Revenues and (Expenses):</b>	
Federal and State Restricted Grants	725,993
Interest Income	22
Other Grants	1,800
<b>Net Non-operating Revenues and (Expenses)</b>	<u>727,815</u>
 <b>Change in Net Position</b>	 655,063
 <b>Net Position - Beginning of Year</b>	 <u>(1,449,223)</u>
<b>Net Position - End of Year</b>	<u>\$ (794,160)</u>

See Accompanying Notes to the Basic Financial Statements

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE - CUYAHOGA COUNTY, OHIO**

**Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

State Aid Receipts	\$ 1,665,282
Miscellaneous	11,153
Cash Payments to Employees for Services	(861,657)
Cash Payments for Employee Benefits	(232,140)
Cash Payments to Suppliers for Goods and Services	(939,322)
Net Cash Provided By (Used For) Operating Activities	<u>(356,684)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Federal and State Grant Receipts	911,128
Interest Income	22
Other Grants	1,800
Net Cash Provided By Noncapital Financing Activities	<u>912,950</u>

**CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES**

Principal Payments	<u>(9,285)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(9,285)</u>

**Net Increase/(Decrease) in Cash and Cash Equivalents** 546,981

**Cash and Cash Equivalents - Beginning of the Year** 251,157

**Cash and Cash Equivalents - Ending of the Year** \$ 798,138

See Accompanying Notes to the Basic Financial Statements

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE - CUYAHOGA COUNTY, OHIO**

**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2022**

(Continued)

<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Income (Loss)	\$ (72,752)
 <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>	
Depreciation	2,029
 Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/ Decrease in Net OPEB Asset	(15,263)
(Increase)/ Decrease in Accounts Receivable	5,453
(Increase)/ Decrease in Deferred Outflows Pension	(33,173)
(Increase)/ Decrease in Deferred Outflows OPEB	9,563
Increase/ (Decrease) in Net Pension Liability	(1,003,613)
Increase/ (Decrease) in Net OPEB Liability	(30,933)
Increase/(Decrease) in Accounts Payable, Trade	(7,043)
Increase/(Decrease) in Accrued Expenses	1,693
Increase/(Decrease) in Accrued Wages and Benefits	(56,179)
(Increase)/ Decrease in Prepaid Expenses	(1,912)
Increase/ (Decrease) in Deferred Inflows Pension	837,493
Increase/ (Decrease) in Deferred Inflows OPEB	7,953
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ (356,684)</u>

See Accompanying Notes to the Basic Financial Statements

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

**Note 1 - Description of the School and Reporting Entity**

Constellation Schools: Westpark Community Middle (WCM) is a nonprofit corporation established on December 5, 2003 pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service that qualifies as an exempt organization under § 501(c)(3) of the Internal Revenue Code. On March 28, 2006, WCM received a determination letter confirming tax-exempt status with the Internal Revenue Service under section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the tax-exempt status of WCM. WCM, which is part of Ohio's education program, is independent of any school district. WCM may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of WCM.

WCM was approved for operation as Garfield Heights Community School (GHCS) under a contract dated January 20, 2004 between the Governing Authority (Board) of WCM and the Lucas County Educational Service Center (LCESC). On August 2005 WCM (as GHCS) entered in to a contract with Buckeye Community Hope Foundation (BCHF) to replace LCESC as the sponsor. The contract with BCHF has been renewed with a current expiration date of June 30, 2025. Sponsorship fees payable to BCHF are calculated as 3% of the Foundation payments received by WCM, from the State of Ohio.

WCM entered into an agreement with Constellation Schools (CS) to provide legal, financial, business and educational management services for the fiscal year. The agreement is renewable annually.

WCM operates under a five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualification of teachers.

**Note 2 - Summary of Significant Accounting Policies**

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



**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

**Basis of Presentation**

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

**Measurement Focus and Basis of Accounting**

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

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

**Implementation of New Accounting Principles & Restatement of Net Position**

For the fiscal year ended June 30, 2022, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the School.

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

#### **Cash**

All monies received by WCM are deposited in demand deposit accounts.

#### **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 WCM and its Sponsor. The contract between WCM and its Sponsor does not require WCM to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

#### **Due From Other Governments**

Moneys due to WCM for the year ended June 30, 2022 are recorded as Due From Other Governments. A current asset for the receivable amount is recorded at the time of the event causing the moneys to be due.

#### **Capital Assets and Depreciation**

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the dates received. All items with a useful life of one year or greater and a value of \$2,500 or more are capitalized. 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.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

All capital assets are depreciated. Depreciation of technology and software and furniture and equipment is computed using the straight line method over their estimated useful lives. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets or less. Estimated useful lives are as follows:

<b>Capital Asset Classification</b>	<b>Years</b>
Technology and Software	3 to 5
Furniture and Equipment	10

**Intergovernmental Revenues**

WCM currently participates in the State Foundation Program, the State Poverty Based Assistance Program, Community Schools Facilities Allocation and Casino Tax Distribution. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. WCM also participates in Federal Entitlement Programs, the Federal Lunch Reimbursement Program, and various State Grant Programs. State and Federal Grants and Entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under the above named programs for the 2022 school year totaled \$2,391,275.

**Private Grants and Contributions**

WCM receives grants and contributions from private sources to support the school's programs. Private grants and contributions are recognized as non-operating revenues in the accounting period in which they are received. WCM did not receive any private grants or contributions for the 2022 fiscal year.

**Compensated Absences**

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

Sick leave benefits are earned at the rate of one and one-quarter day per month and can be accrued up to a maximum of one hundred twenty days. WCM will accept the transfer of sick days from another school district up to the maximum accrual amount. No financial accrual for sick time is made since unused sick time is not paid to employees upon employment termination.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

**Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, deferred outflow of resources and deferred inflow of resources related to pension/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.

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations. However, claims and judgments, compensated absences that will be paid from available funds are reported as a liability in the financial statements only to the extent that they are due for payment during the current fiscal year. 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 payment of those benefits.

**Use of Estimates**

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

**Deferred Inflow of Resources and Deferred Outflow of Resources**

A deferred outflow of resources is a consumption of assets by WCM that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflow of resources related to pension and OPEB is described in Note 9 and 10.

A deferred inflow of resources is an acquisition of assets by WCM that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of resources related to pension and OPEB is described in Note 9 and Note 10.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

**Net Position**

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflow of resources and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by WCM or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of WCM. For WCM, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of WCM. All revenues and expenses not meeting this definition are reported as non-operating.

**Note 3 - Deposits**

At fiscal year end June 30, 2022, the carrying amount of WCM's deposits totaled \$798,138 and its bank balance was \$798,953. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2022, \$548,953 of the bank balance was exposed to custodial risk as discussed below, while \$250,000 of the bank balance was covered by the Federal Depository Insurance Corporation.

WCM has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred and two percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred and five percent.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

**Note 4 - Purchased Services**

Purchased Services include the following:

Professional and Technical Services	\$	450,364
Property Services		268,418
Communications		6,868
Contracted Services		97,206
Other		2,312
<b>Total Purchased Services</b>	<b>\$</b>	<b>825,168</b>

**Note 5 - Capital Assets**

A summary of capital assets at June 30, 2022 follows:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Capital Assets Being Depreciated				
Technology and Software	\$ 81,046	\$ -	\$ -	\$ 81,046
Furniture and Equipment	86,640	-	-	86,640
<b>Total Capital Assets Being Depreciated</b>	<b>167,686</b>	<b>-</b>	<b>-</b>	<b>167,686</b>
Less Accumulated Depreciation:				
Technology and Software	(81,046)	-	-	(81,046)
Furniture and Equipment	(77,391)	(2,029)	-	(79,420)
<b>Total Accumulated Depreciation</b>	<b>(158,437)</b>	<b>(2,029)</b>	<b>-</b>	<b>(160,466)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 9,249</b>	<b>\$ (2,029)</b>	<b>\$ -</b>	<b>\$ 7,220</b>



**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

**Note 6 - Direct Borrowing**

In May of 2020 WCM converted all remaining obligations under all leases with Winthrop (now known as TCF) to a financed purchase with a term of 27 months and no interest due. WCM has title to all equipment. Equipment serves as collateral during the term. In the event of default, TCF may declare all obligations due and payable.

The outstanding debt as of June 30, 2022 is \$0 as the loan has been paid off in full during fiscal year 2022.

	Balance 6/30/21	Additions	Reductions	Balance 6/30/22	Due In One Year
Financed Purchase	\$9,285	\$-	(\$9,285)	\$-	\$-
<b>TOTAL</b>	<b>\$9,285</b>	<b>\$-</b>	<b>(\$9,285)</b>	<b>\$-</b>	<b>\$-</b>

**Note 7 - Operating Lease**

WCM leases its facility from Constellation Schools: Westpark Community Elementary (WCE) under a one-year sub-lease agreement with the ability to renew annually. Under the terms of the sub-lease WCM made monthly lease payments of \$19,792. WCE charged WCM a total of \$237,500 for rent during the year. As of June 30, 2022, all monies due WCE from WCM have been paid. The lease is for a 12-month lease that is negotiated annually based on space requirements.

On April 10, 2014 Constellation Schools: Westpark Community Elementary (WCE) closed a \$30,790,000 multi-school, multi-property bond financing arrangement with the Cleveland Cuyahoga County Port Authority (CCCPA). A portion of the proceeds, \$22,004,213, along with escrow and reserve deposits from a prior bond issue, \$5,245,493, were used to advance refund the entire Constellation Schools Series 2008 Bonds issued by The Industrial Development Authority of the County of Pima. The refunding portion of the issue, along with the escrow and reserve accounts from the 2008 issue, were deposited into an escrow account with US Bank, National Association for the purpose of advance refunding the bonds when they come due. Effective with the closing, ownership of the real property occupied by WCE and WCM reverted back to WCE. The sublease between WCE and WCM remains in effect. As part of the bond financing arrangement, WCM, as lessor, is required to provide various reports with WCE to the trustee.

The Bond Indenture requires WCE to meet certain covenants. As of June 30, 2022, WCE is in compliance with debt service coverage ratio and days cash on hand requirements, and in compliance with the timely filing of audited financial statements. The building serves as collateral on the bond. The Bond Indenture also requires all of the participating schools to meet certain covenants. As of June 30, 2022, all of the schools meet the required debt service coverage

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

ratio and days cash on hand requirements, and they all meet the timely filing of audited financial statements requirement. Unless waived by the owners of a majority of the principal amount of bonds outstanding, the school may be required to hire a management consultant to make recommendations with respect to increasing revenues, decreasing expenses or other financial matters of the school which are relevant to meeting ratios and filing timely. No waivers were necessary for fiscal year 2022 in regards to timely filling of the audited financial statements.

**Note 8 - Risk Management**

**Property and Liability Insurance**

WCM is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2022, WCM contracted with Traveler's Property Casualty Company of America for property insurance, The Hanover Insurance Company for liability insurance and errors and omissions insurance and Allamerica Financial Benefit Insurance Company for Automobile insurance.

General property and liability is covered at \$10,000,000 single occurrence limit and \$11,000,000 aggregated. Hired and Non-Owned Vehicles are covered at \$1,000,000 combined single limit of liability. Other coverage includes Employee Crime, School Leaders Errors & Omissions, Sexual Abuse and Misconduct, Electronic Data Processing, Cyber Liability and Business Interruption. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

**Workers' Compensation**

WCM makes premium payments to the Ohio Workers' Compensation System for employee injury coverage.

**Employee Medical, Dental, Vision and Life Benefits**

WCM provides medical, dental, vision and life insurance benefits to all full time employees. Employees participate in premium payments through pretax payroll deductions.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

**Note 9 - Defined Benefit Pension Plan**

**Net Pension Liability**

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

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

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

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

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

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

***Plan Description***—School non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement,

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

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.

Age and service requirements for retirement are as follows:

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

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

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

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

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

The School's contractually required contribution to SERS was \$23,615 for fiscal year 2022.

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years or service credit at any age.

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

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options in the GASB 68 schedules of employer allocation and pension amounts by employer.

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

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

The School's contractually required contributions to STRS was \$93,665 for fiscal year 2022.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0055848%	0.006653170%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.0047148%	0.006269780%	
Change in Proportionate Share	-0.0008700%	-0.000383390%	
Proportionate Share of the Net Pension			
Liability	\$ 173,960	\$ 801,648	\$ 975,608
Pension Expense	\$ (34,838)	\$ (47,175)	\$ (82,013)

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

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

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 16	\$ 24,768	\$ 24,784
Changes of assumptions	3,663	222,391	226,054
Changes in proportion and differences between contributions and proportionate share of contributions	-	15,418	15,418
WCM contributions subsequent to the measurement date	23,615	93,665	117,280
Total Deferred Outflows of Resources	\$ 27,294	\$ 356,242	\$ 383,536
 <b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 4,512	\$ 5,024	\$ 9,536
Net difference between projected and actual earnings on pension plan investments	89,596	690,868	780,464
Changes in proportion and differences between contributions and proportionate share of contributions	35,206	76,582	111,788
Total Deferred Inflows of Resources	\$ 129,314	\$ 772,474	\$ 901,788

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

\$117,280 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (45,010)	\$ (123,131)	\$ (168,141)
2024	(31,820)	(114,558)	(146,378)
2025	(21,303)	(118,333)	(139,636)
2026	(27,502)	(153,875)	(181,377)
Total	\$ (125,635)	\$ (509,897)	\$ (635,532)

**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.



**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

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

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

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

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

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

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

**Discount Rate** The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
WCM's proportionate share of the net pension liability	\$ 289,430	\$ 173,960	\$ 76,583

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

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2021, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

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

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

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

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

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

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
WCM's proportionate share of the net pension liability	\$ 1,501,186	\$ 801,648	\$ 210,539

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

**Note 10 – Defined Benefit OPEB Plans**

***Net OPEB Liability/Asset***

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

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

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

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, is the total amount assigned to the Health Care Fund. The School’s contractually required contribution to SERS was \$2,352 for fiscal year 2022.

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

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](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 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset			
Prior Measurement Date	0.0054232%	0.00665317%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.0045933%	0.00626978%	
Change in Proportionate Share	-0.0008299%	-0.00038339%	
Proportionate Share of the Net OPEB			
Liability/(asset)	\$ 86,932	\$ (132,192)	\$ (45,260)
OPEB Expense	\$ (14,721)	\$ (11,607)	\$ (26,328)

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 925	\$ 4,705	\$ 5,630
Changes of assumptions	13,636	8,444	22,080
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	4,607	4,607
WCM contributions subsequent to the measurement date	2,352	-	2,352
Total Deferred Outflows of Resources	<u>\$ 16,913</u>	<u>\$ 17,756</u>	<u>\$ 34,669</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 43,296	\$ 24,223	\$ 67,519
Changes of assumptions	11,907	78,863	90,770
Net difference between projected and actual earnings on OPEB plan investments	1,889	36,641	38,530
Changes in proportion and differences between contributions and proportionate share of contributions	49,166	8,020	57,186
Total Deferred Inflows of Resources	<u>\$ 106,258</u>	<u>\$ 147,747</u>	<u>\$ 254,005</u>

\$2,352 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (31,117)	\$ (38,488)	\$ (69,605)
2024	(17,862)	(37,571)	(55,433)
2025	(19,558)	(33,294)	(52,852)
2026	(11,920)	(15,493)	(27,413)
2027	(7,931)	(5,227)	(13,158)
Thereafter	(3,309)	82	(3,227)
Total	\$ (91,697)	\$ (129,991)	\$ (221,688)

***Actuarial Assumptions - SERS***

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

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

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

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



**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

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

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination for the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
WCM's proportionate share of the net OPEB liability	\$ 107,720	\$ 86,932	\$ 70,326
	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
WCM's proportionate share of the net OPEB liability	\$ 66,931	\$ 86,932	\$ 113,648

**Actuarial Assumptions – STRS**

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Inflation	2.50 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	4.93 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.33 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
WCM's proportionate share of the net OPEB asset	\$ 111,551	\$ 132,192	\$ 149,437

	1% Decrease	Current Trend Rate	1% Increase
WCM's proportionate share of the net OPEB asset	\$ 148,738	\$ 132,192	\$ 111,734

***Benefit Term Changes Since the Prior Measurement Date***

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

**Note 11 - Contingencies**

**Grants**

WCM received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs requires compliance with terms and conditions, specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of WCM. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of WCM at June 30, 2022.

**School Foundation**

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did perform such a review on the School for fiscal year 2022.

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

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all FTE adjustments for fiscal year 2022 are finalized. A reconciliation between payment previously made and the FTE adjustments has taken place with these contracts.

**Note 12 - Sponsorship and Management Agreements**

WCM entered into an agreement with Buckeye Community Hope Foundation (BCHF) to provide sponsorship and oversight services as required by law. The agreement is effective September 18, 2005 and was renewed to continue through June 30, 2025. Sponsorship fees are calculated as 3% of the Fiscal Year 2022 Foundation payments received by WCM, from the State of Ohio. The total amount due from WCM for fiscal year 2022 was \$46,753 all of which was paid prior to June 30, 2022.

WCM entered into an agreement with Constellation Schools (CS) to provide legal, financial, and business management services for fiscal year 2022. The agreement was for a period of one year, effective July 1, 2021. Management fees are calculated as 6.25% of the Fiscal Year 2022 Foundation payments received by WCM from the State of Ohio plus a fixed fee of \$132,500. The total amount due from WCM for the fiscal year ending June 30, 2022 was \$239,999 all of which was paid prior to June 30, 2022.

**Note 13 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidation Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of the WCM's Proportionate Share of the Net Pension Liability  
School Employees Retirement System of Ohio  
Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
WCM's Proportion of the Net Pension Liability	0.0047148%	0.0055848%	0.0057449%	0.0061199%	0.0075129%	0.0083216%	0.0077961%	0.0082839%	0.0082839%
WCM's Proportionate Share of the Net Pension Liability	\$ 173,960	\$ 369,391	\$ 343,728	\$ 350,496	\$ 448,878	\$ 609,063	\$ 444,853	\$ 419,243	\$ 492,616
WCM's Covered Payroll	\$ 162,836	\$ 195,429	\$ 118,341	\$ 200,319	\$ 243,293	\$ 252,400	\$ 129,742	\$ 165,880	\$ 41,402
WCM's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.83%	189.02%	290.46%	174.97%	184.50%	241.31%	342.88%	252.74%	1189.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

See accompanying notes to the required supplementary information

Certain Constellation Schools LLC employees are reported under one employer code with the state retirement systems. However, these employees provide services to all the schools managed by Constellation Schools, LLC. Therefore, it has been determined the payroll related to these employees should be allocated to each of the schools. Fiscal year 2014 through 2022 amounts have been updated.

Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of the WCM's Proportionate Share of the Net Pension Liability  
State Teachers Retirement System of Ohio  
Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
WCM's Proportion of the Net Pension Liability	0.006269780%	0.00665317%	0.00659801%	0.00670292%	0.00644786%	0.00693379%	0.00657589%	0.00792374%	0.00792374%
WCM's Proportionate Share of the Net Pension Liability	\$ 801,648	\$ 1,609,830	\$ 1,459,110	\$ 1,473,821	\$ 1,531,703	\$ 2,320,949	\$ 1,817,384	\$ 1,927,328	\$ 2,295,820
WCM's Covered Payroll	\$ 773,714	\$ 802,986	\$ 764,721	\$ 761,850	\$ 708,814	\$ 669,286	\$ 639,900	\$ 717,685	\$ 742,954
WCM's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.61%	200.48%	190.80%	193.45%	216.09%	346.78%	284.01%	268.55%	309.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to the required supplementary information



Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of WCM Contributions - Pension  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 23,615	\$ 22,797	\$ 27,360	\$ 15,976	\$ 27,043	\$ 34,061	\$ 35,336	\$ 17,100	\$ 22,991	\$ 5,730
Contributions in Relation to the Contractually Required Contribution	<u>(23,615)</u>	<u>(22,797)</u>	<u>(27,360)</u>	<u>(15,976)</u>	<u>(27,043)</u>	<u>(34,061)</u>	<u>(35,336)</u>	<u>(17,100)</u>	<u>(22,991)</u>	<u>(5,730)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WCM Covered Payroll	\$ 168,679	\$ 162,836	\$ 195,429	\$ 118,341	\$ 200,319	\$ 243,293	\$ 252,400	\$ 129,742	\$ 165,880	\$ 41,402
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to the required supplementary information

Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of WCM Contributions - Pension  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 93,665	\$ 108,320	\$ 112,418	\$ 107,061	\$ 106,659	\$ 99,234	\$ 93,700	\$ 89,586	\$ 93,299	\$ 96,584
Contributions in Relation to the Contractually Required Contribution	(93,665)	(108,320)	(112,418)	(107,061)	(106,659)	(99,234)	(93,700)	(89,586)	(93,299)	(96,584)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WCM Covered Payroll	\$ 669,036	\$ 773,714	\$ 802,986	\$ 764,721	\$ 761,850	\$ 708,814	\$ 669,286	\$ 639,900	\$ 717,685	\$ 742,954
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of the WCM's Proportionate Share of the Net OPEB Liability  
School Employees Retirement System of Ohio  
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
WCM's Proportion of the Net OPEB Liability	0.0045933%	0.0054232%	0.0058691%	0.0059657%	0.0072379%	0.0079778%
WCM's Proportionate Share of the Net OPEB Liability	\$ 86,932	\$ 117,865	\$ 147,595	\$ 165,505	\$ 194,247	\$ 227,398
WCM's Covered Payroll	\$ 162,836	\$ 195,429	\$ 118,341	\$ 200,319	\$ 243,293	\$ 252,400
WCM's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	53.39%	60.31%	124.72%	82.62%	79.84%	90.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

Certain Constellation Schools LLC employees are reported under one employer code with the state retirement systems. However, these employees provide services to all the schools managed by Constellation Schools, LLC. Therefore, it has been determined the payroll related to these employees should be allocated to each of the schools. Fiscal year 2017 through 2022 amounts have been updated.

Constellation Schools: Westpark Community Middle  
 Required Supplementary Information  
 Schedule of the WCM's Proportionate Share of the Net OPEB Liability/Asset  
 State Teachers Retirement System of Ohio  
 Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
WCM's Proportion of the Net OPEB Liability/Asset	0.00626978%	0.00665317%	0.00659801%	0.00670292%	0.00644786%	0.00693379%
WCM's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (132,192)	\$ (116,929)	\$ (109,279)	\$ (107,709)	\$ 251,572	\$ 370,821
WCM's Covered Payroll	\$ 773,714	\$ 802,986	\$ 764,721	\$ 761,850	\$ 708,814	\$ 669,286
WCM's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-17.09%	-14.56%	-14.29%	-14.14%	35.49%	55.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

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

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

See accompanying notes to the required supplementary information

Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of WCM Contributions - OPEB  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution (1)	\$ 2,352	\$ 1,607	\$ 1,794	\$ 2,815	\$ 3,005	\$ 1,996	\$ 1,710	\$ 1,604	\$ 758	\$ 742
Contributions in Relation to the Contractually Required Contribution	(2,352)	(1,607)	(1,794)	(2,815)	(3,005)	(1,996)	(1,710)	(1,604)	(758)	(742)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
WCM Covered Payroll	\$ 168,679	\$ 162,836	\$ 195,429	\$ 118,341	\$ 200,319	\$ 243,293	\$ 252,400	\$ 129,742	\$ 165,880	\$ 41,402
OPEB Contributions as a Percentage of Covered Payroll (1)	1.39%	0.99%	0.92%	2.38%	1.50%	0.82%	0.68%	1.24%	0.46%	1.79%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

Constellation Schools: Westpark Community Middle  
Required Supplementary Information  
Schedule of WCM Contributions - OPEB  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,177	\$ 7,430
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	(7,177)	(7,430)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WCM Covered Payroll	\$ 669,036	\$ 773,714	\$ 802,986	\$ 764,721	\$ 761,850	\$ 708,814	\$ 669,286	\$ 639,900	\$ 717,685	\$ 742,954
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

***Note 1 - Net Pension Liability***

***Changes of benefit terms- SERS***

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

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

***Changes in assumptions- SERS***

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

***Changes in benefit terms – STRS***

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

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

***Changes in assumptions – STRS***

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2021. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%.

***Note 2 - Net OPEB Liability***

***Changes of benefit terms- SERS***

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

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense,  
including price inflation**

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent



**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

Medicare Trend Assumption

Medicare	
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

***Changes in Assumptions – STRS***

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

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

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

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

***Changes in Benefit Terms – STRS***

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**  
**Cuyahoga County, Ohio**

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

---

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

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

**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***

To the Board of Education  
Constellation Schools: Westpark Community Middle  
Cuyahoga County, Ohio  
16210 Lorain Ave,  
Cleveland, Ohio 44111

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Constellation Schools: Westpark Community Middle, Cuyahoga County, Ohio (the “School”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 21, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Independence, Ohio  
November 21, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**CONSTELLATION SCHOOLS: WESTPARK COMMUNITY MIDDLE**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/20/2022**

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)