SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY
JUNE 30, 2021

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FRANKLIN COUNTY
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INDEPENDENT AUDITOR'S REPORT

Sullivant Avenue Community School
Franklin County
3435 Sullivant Avenue
Columbus, OH 43204

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Sullivant Avenue Community School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School, as of June 30, 2021 and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the School's basic financial statements taken as a whole.

The combining statements present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The statements and schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2022

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The discussion and analysis of the financial performance for Sullivant Avenue Community School and its blended component unit (collectively "the School") provides an overall review of the School's financial activities for the fiscal year ended June 30, 2021. The blended component unit, Sullivant School Properties LLC, is described in the notes to the basic financial statements. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position was a deficit of $2,842,745 at June 30, 2021.

- The School had operating revenues of $2,611,828, operating expenses of $3,908,965 and non-operating revenues of $1,368,109, and non-operating expenses of $582,234 for fiscal year 2021. The change in net position was a decrease of $511,262.

- During fiscal year 2021, the School entered into an agreement for an $9,605,000 promissory note to purchase land, school facilities and for funds to provide for future capital improvements.

Using these Basic Financial Statements

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

Reporting the School's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2021?" The statement of net position and statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

The table below provides a summary of the School's net position for fiscal year 2021 and 2020.

Net Position

	2021	2020
Assets		
Current assets	$ 647,540	$ 154,413
Non-current assets	8,205,720	127,001
Total assets	8,853,260	281,414
Deferred outflows of resources	586,982	486,449
Liabilities		
Current liabilities	322,310	156,835
Long-term liabilities	11,354,799	2,186,867
Total liabilities	11,677,109	2,343,702
Deferred inflows of resources	605,878	755,644
Net Position		
Net investment in capital assets	(811,837)	-
Restricted	242,691	-
Unrestricted (deficit)	(2,273,599)	(2,331,483)
Total net position (deficit)	$ (2,842,745)	$ (2,331,483)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, the School's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021 and 2020, the School's net position totaled deficits of ($2,842,745) and ($2,331,483), respectively.

Current assets represent cash, restricted cash and cash equivalents held by trustee, accounts and intergovernmental receivables. Current liabilities represent accounts and intergovernmental payables for management fees, legal fees, and professional services. Refer to Notes 2.J, Note 5 and Note 11.B. for detail on the current receivables and payables.

Non-current assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS). See Note 9 for more detail.

At year-end, capital assets represented 91.27% of total assets. Capital assets consist of land, building and improvements, and construction in progress. During fiscal year 2021, the School entered into an agreement for a $9,605,000 promissory note to purchase land, school facilities and for future capital improvements. Net position invested in capital assets at June 30, 2021, was a deficit of $811,837. These capital assets are used to provide services to the students and are not available for future spending. Although the School's investment in capital assets are reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities include the promissory note (see Note 7 for detail), the net pension liability (see Note 8 for detail) and the net OPEB liability (see Note 9 for detail). Refer to Note 7 for a summary of the changes in the School's long-term obligations during fiscal year 2021.

Net position of $242,691 is restricted to reserve funds for debt service in conjunction with the promissory note issued in fiscal year 2021 (see Note 7 for detail).

The table below shows the changes in net position for fiscal years 2021 and 2020.

Change in Net Position

	2021	2020
Operating Revenues:		
State foundation	2,611,828	2,801,547
Total operating revenue	2,611,828	2,801,547
Operating Expenses:		
Management fees	3,024,061	2,977,747
Sponsorship fees	76,129	81,538
Legal	24,610	34,536
Professional services	37,768	37,226
Operating lease payments	644,925	762,578
Other	6,911	5,723
Depreciation	94,561	-
Total operating expenses	3,908,965	3,899,348
Non-operating Revenues:		
Federal and State grants	1,368,100	1,187,939
Interest earnings	9	-
Interest expense	(175,579)	-
Note issuance costs	(406,655)	-
Total non-operating revenues	785,875	1,187,939
Change in net position	(511,262)	90,138
Net position (deficit) at beginning of year	(2,331,483)	(2,421,621)
Net position (deficit) at end of year	$ (2,842,745)	$ (2,331,483)

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from Federal entitlement programs. Student enrollment decreased slightly from 339 students in fiscal year 2020 to 314 students in fiscal year 2021. The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from Federal entitlement programs. The School relies on State foundation revenues for operations, with 70.22 percent and 65.62 percent of total revenues coming from State foundation for fiscal years 2020 and 2021, respectively.

The School received Federal grant monies through the Child Nutrition Lunch & Breakfast, IDEA-B, Title I, Title I-A, Title II-A, Title III, Title IV-B, Coronavirus Relie Fund (CRF), Elementary and Secondary School Emergency (ESSER), and BroadbandOhio Connectivity programs during fiscal year 2021. During fiscal year 2021, the School was designated a Community School of Quality, and was eligible to receive up to $1,750 in each fiscal year for each pupil identified as economically disadvantaged and up to $1,000 in each fiscal year for all other pupils. The School received $346,751 from the Quality Community School support program, which was a decrease of $177,287 from fiscal year 2020. This decrease was offset by ESSER and CRF funding received during fiscal 2021 in response to the COVID-19 pandemic.

Overall, operating expenses increased $9,617 during fiscal year 2021. The School contracted with Imagine Schools, Inc. for management services for fiscal years 2021 and 2020 (see Note 11.B to the notes to the basic financial statements for detail). Operating lease payments decreased from 2020 to 2021 with the purchase of the classroom facilities during fiscal year 2021. Depreciation expense was $94,561 for fiscal year 2021.

Capital Assets

At June 30, 2021, the School had $8,080,528 (net of accumulated depreciation) invested in land, buildings and improvements, and construction in progress. See Note 6 to the basic financial statements for more detail on capital assets.

Debt

During fiscal year 2021, the School entered into an agreement for a $9,605,000 promissory note to purchase land, school facilities and for future capital improvements. No principal payments were made on this debt obligation during fiscal year 2021. The entire amount is due in more than one year. See Note 7 to the basic financial statements for more information.

Restrictions and Other Limitations

The future stability of the School is not without challenges. The School does not receive any funds from taxes. The primary source of funding is the State foundation program. An economic slowdown in the State could result in budgetary cuts to education, which would have a negative impact on the School.

Current Financial Related Activities

The School is sponsored by St. Aloysius. The School is reliant upon State foundation monies and Federal Sub-Grants to offer quality, educational services to students. In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for other State and Federal funds that are made available to finance its operations.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Dan Lamb, Treasurer, Charter School Specialists, 3435 Sullivant Avenue, Columbus, Ohio 43204-1103.

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2021

Assets:	
Current assets:	
Cash	$ 151,818
Restricted cash and cash equivalents held by trustee	287,825
Receivables:	
Accounts	16,508
Intergovernmental	191,389
Total current assets	647,540
Non-current assets:	
Net OPEB asset	125,192
Capital assets, not being depreciated	610,211
Capital assets, being depreciated	7,470,317
Capital assets, net	8,080,528
Total non-current assets	8,205,720
Total assets	8,853,260
Deferred outflows of resources:	
Pension	474,817
OPEB	112,165
Total deferred outflows of resources	586,982
Liabilities:	
Current liabilities:	
Accounts payable	305,802
Intergovernmental payable	16,508
Total current liabilities	322,310
Long-term liabilities:	
Due in more than one year:	
Net pension liability	2,248,328
Net OPEB liability	168,972
Other amounts	8,937,499
Total long-term liabilities	11,354,799
Total liabilities	11,677,109
Deferred inflows of resources:	
Pension	338,149
OPEB	267,729
Total deferred inflows of resources	605,878
Net position:	
Net investment in capital assets	(811,837)
Restricted for:	
Debt service	242,691
Unrestricted (deficit)	(2,273,599)
Total net position (deficit)	$ (2,842,745)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating revenues:	
State foundation	$ 2,611,828
Total operating revenues	2,611,828
Operating expenses:	
Purchased services:	
Management fees	3,024,061
Sponsorship fees	76,129
Legal fees	24,610
Professional services	37,768
Operating lease payments	644,925
Other	6,911
Depreciation	94,561
Total operating expenses	3,908,965
Operating loss	(1,297,137)
Non-operating revenues (expenses):	
Federal and State grants	1,368,100
Interest earnings	9
Interest expense	(175,579)
Note issuance costs	(406,655)
Total non-operating revenues (expenses)	785,875
Change in net position	(511,262)
Net position (deficit) at beginning of year	(2,331,483)
Net position (deficit) at end of year	$ (2,842,745)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Cash received from State foundation	$ 2,606,688
Cash payments for management fees	(2,860,810)
Cash payments for sponsorship fees	(75,975)
Cash payments for legal fees	(26,901)
Cash payments for professional services	(37,830)
Cash payments for operating leases	(644,925)
Cash payments for other expenses	(6,911)
Net cash used in operating activities	(1,046,664)
Cash flows from noncapital financing activities:	
Cash received from Federal and State grants	1,247,383
Net cash provided by noncapital financing activities	1,247,383
Cash flows from capital and related financing activities:	
Note issuance	9,605,000
Discount on note issuance	(672,350)
Note issuance costs	(406,655)
Interest expense	(170,730)
Acquisition of capital assets	(8,175,089)
Net cash provided by capital and related financing activities	180,176
Cash flows from investing activities:	
Interest received	9
Net increase in cash	380,904
Cash and cash equivalents at beginning of year	58,739
Cash and cash equivalents at end of year	$ 439,643
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (1,297,137)
Adjustments:	
Depreciation	94,561
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable	13,634
(Increase) in intergovernmental receivable	(5,140)
Decrease in net OPEB asset	1,809
(Increase) in deferred outflows - pensions	(29,453)
(Increase) in deferred outflows - OPEB	(71,080)
Increase in accounts payable	179,109
(Decrease) in intergovernmental payable	(13,634)
Increase in net pension liability	196,983
Increase in net OPEB liability	33,450
(Decrease) in deferred inflows - pensions	(186,050)
Increase in deferred inflows - OPEB	36,284
Net cash used in operating activities	$ (1,046,664)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Sullivant Avenue Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to develop students in grades K-6 with active and creative minds, a sense of understanding and compassion for others, and the courage to do what is right. The School recognizes that each child is an individual, that all children are creative, and that all children need to succeed. The School respects the individual needs of children, fosters a caring and creative environment, and emphasizes the social, emotional, physical, and intellectual development of each child. The focus is on students residing in the Columbus City School District. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved under contract with St. Aloysius (the "Sponsor") commencing on April 18, 2008 and ending on June 30, 2010. On June 28, 2010 the contract was renewed commencing on July 1, 2010 and ending on June 30, 2013. On May 30, 2013 the contract was renewed for a term of two years commencing on July 1, 2013 and ending on June 30, 2015. On June 30, 2015, the contract was renewed for automatic one year terms effective July 1, 2015 through June 30, 2020. On May 28, 2020, the contract was renewed for a six year term commencing July 1, 2020 and ending on June 30, 2026. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration.

The School operates under the direction of a Board of Directors which must contain at least five Directors who are not owners or employees, or relatives of owners or employees, of any for-profit company that operates or manages the School. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Board of Directors controls the School's intructional/support facility staffed by employees of the management company who provide services to 314 students.

The Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School. For the School, this includes general operations, food service, and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's Governing Board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; or (3) the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. The School is reporting a blended component unit within its financial statements.

Blended Component Unit - Sullivant School Properties LLC ("Sullivant LLC") is considered a blended component unit of the School by virtue of meeting the criteria noted above. Sullivant LLC was formed by the School as a wholly-owned and controlled subsidiary. Sullivant LLC was formed to acquire, hold, invest in, and lease real property for School operations. The School is obligated for the debt of the Sullivant LLC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus

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

C. Basis of Accounting

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

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, see Notes 8 and 9 for deferred outflows of resources related to the School's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, see Notes 8 and 9 for deferred inflows of resources related to the School's net pension liability and net OPEB liability/asset, respectively.

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

E. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Each year, the School Governing Board, with the assistance of the School's designated fiscal officer, is required to adopt an annual budget by the thirty-first day of October using the format and following the guidelines prescribed by the Ohio Department of Education (ODE).

F. Cash and Investments and Restricted Cash and Cash Equivalents

The School maintains one depository account which is presented as "cash" on the statement of net position. The School maintains three investment accounts which are held in trust in accordance with the promissory note agreement described in Note 7 and are presented as "restricted cash and cash equivalents held by trustee" on the statement of net position.

During fiscal year 2021, investments were limited to U.S. Government money markets, which are reported at fair value.

For purposes of the statement of cash flows, investments with original maturities of three months or less at the time they are purchased by the School are considered to be "cash and cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments". The cash activity related to the cash and cash equivalents held by trustee is reported in the School's statement of cash flows.

An analysis of the School's investments at fiscal year-end is provided in Note 4.

G. Capital Assets

Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the fiscal year. The School has established a capitalization threshold of $5,000. The School does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land improvements	10 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 years
Computers	3 years
Software	3 years

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

H. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows 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 or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

I. Intergovernmental Revenues

The School currently participates in the State Foundation, Opportunity Grant, Special Education, Targeted Assistance, K-3 Literacy, English Learners, Facilities, and Economic Disadvantaged Programs. Revenue received from these programs is recognized as operating revenues. Amounts awarded under these programs for the 2021 school year totaled $2,611,828.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Federal and State grant revenue received during fiscal year 2021 was $1,368,100.

J. Accrued Liabilities and Long-Term Obligations

All payables and other accrued liabilities are reported on the statement of net position. Accrued liabilities include accounts payable (e.g. amounts due to Imagine Schools Inc. as further described in Note 11.B. and legal and professional fees) and intergovernmental payables (e.g. amounts due to the retirement systems). Long-term obligations are detailed in Note 7 and include notes payable, net pension liability and net OPEB liability. 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.

K. Note Issuance Costs and Unamortized Discounts

In the financial statements, note issuance costs are recognized in the current period and are not amortized. Note discounts are amortized over the term of the notes using the straight-line method, which approximates the effective interest method. Unamortized note discounts are presented as a decrease of the face amount of the note payable (see Note 7).

L. Operating Revenues and Expenses

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

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

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Estimates

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

O. Fair Market Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2021, the School has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of School deposits was $151,818 and the bank balance of School deposits was $152,568. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2021, the School had the following investment and maturity:

Measurement/ Investment type	Measurment Value	Investment Maturity of 6 months or less
Fair value		
U.S. Government money markets	$ 287,825	$ 287,825

The School's investments in U.S. Government money market funds are valued using quoted market prices in active markets (Level 1 inputs).

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

Credit Risk: The U.S. Government money market funds were not rated. The School's investment policy does not specifically address credit risk beyond requiring the School to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The School had $287,825 in investments in U.S. Government money markets at June 30, 2021.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2021, consisted of intergovernmental receivables (e.g. grants and entitlements and amounts due from ODE) and accounts receivable from Imagine Schools, Inc. and the School's Sponsor. All receivables are considered collectible in full.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for fiscal year 2021 was as follows:

	Balance 07/01/20	Additions	Disposals	Balance 06/30/21
Capital assets, not being depreciated:				
Land	$ -	$ 609,211	$ -	$ 609,211
Construction in progress	-	1,000	-	1,000
Total capital assets, not being depreciated	-	610,211	-	610,211
Capital assets, being depreciated:				
Buildings and improvements	-	7,564,878	-	7,564,878
Less: accumulated depreciation:				
Buildings and improvements	-	(94,561)	-	(94,561)
Total capital assets, being depreciated	-	7,470,317	-	7,470,317
Governmental activities capital assets, net	$ -	$ 8,080,528	$ -	$ 8,080,528

NOTE 7 - LONG-TERM LIABILITIES

The following changes occurred in the long-term obligations during fiscal year 2021:

	Balance 07/01/20	Additions	Reductions	Balance 06/30/21	Amounts Due in One Year
Series 2021 promissory note - *(direct financing)*					
Columbus-Franklin County Finance Authority lease revenue bonds (Sullivant Avenue Community School), series 2021	$ -	$ 9,605,000	$ -	$ 9,605,000	$ -
Discount	-	(672,350)	4,849	(667,501)	-
Series 2021 promissory note, net	-	8,932,650	4,849	8,937,499	-
Net pension liability:					
STRS	1,695,741	27,842	-	1,723,583	-
SERS	355,604	169,141	-	524,745	-
Total net pension liability	2,051,345	196,983	-	2,248,328	-
Net OPEB liability:					
SERS	135,522	33,450	-	168,972	-
Total long-term obligations	$ 2,186,867	$ 9,163,083	$ 4,849	$ 11,354,799	$ -

NOTE 7 - LONG-TERM LIABILITIES - (Continued)

Series 2021 Promissory Note - On March 11, 2021, an $9,605,000 promissory note was issued to evidence the loan agreement dated March 1, 2021 between the Sullivant LLC and the Columbus-Franklin County Finance Authority ("Authority"). Sullivant LLC entered into a loan agreement with the Authority to borrow $9,605,000 in proceeds from the issuance of the Authority's Lease Revenue Bonds (Sullivant Avenue Community School), Series 2021. Payments of principal and interest on this note shall be due no later than the first day of each month (each a "lease payment" date), commencing on April 1, 2021, in the amounts set forth in the Lease Agreement as of March 1, 2021, between the Sullivant LLC and the School. UMB Bank ("Trustee") has been designated as the paying agent, registrar and trustee. Payments of both principal and interest are to be irrevocably assigned by the Authority to the Trustee pursuant to the indenture. At June 30, 2021, $242,691 was held in trust for debt service payments.

$8,174,089 of the note proceeds were used to finance the purchase of land and school facilities and $46,134 was placed in trust for future capital improvements. At June 30, 2021, $45,134 of the note proceeds were unspent.

The promissory note is considered a direct financing. Direct financings have terms negotiated directly between the borrower and the lender and are not offered for public sale. In the event Sullivant LLC fails to make any payments required in this note, such payment so in default shall continue as an obligation of Sullivant LLC until the amount in default shall have been fully paid, and Sullivant LLC agrees to pay the same with interest thereon at the rate of interest specified in the loan agreement (to the extent legally forceable) until paid. Sullivant LLC shall have the option to prepay the unpaid balance in whole or in part in accordance with the loan agreement. Upon default, at the option of the holder, the entire indebtedness evidenced shall become due, payable and collectible then and thereafter as the holder may elect, regardless of the date of maturity hereof. Prior to the exercise of such option, the Trustee shall give written notice thereof to Sullivant LLC. Until the note is terminated and paid in full, Sullivant LLC (1) will not suspend or discontinue any payments under the loan agreement or neglect to perform any of its duties required thereunder, (2) will perform and observe all of its obligations as set forth in the loan agreement, mortgage and this note, and (3) except as provided in the loan agreement, will not terminate the loan agreement, mortgage or this note for any cause.

The following is the base lease payment schedule for the series 2021 promissory note:

	2021 Promissory Note		
Year Ended	Principal	Interest	Total
2022	$ -	$ 653,860	$ 653,860
2023	-	653,860	653,860
2024	75,000	653,860	728,860
2025	80,000	647,297	727,297
2026	85,000	640,297	725,297
2027 - 2031	550,000	3,092,554	3,642,554
2032 - 2036	765,000	2,879,114	3,644,114
2037 - 2041	1,060,000	2,583,646	3,643,646
2042 - 2046	1,465,000	2,175,322	3,640,322
2047 - 2051	2,030,000	1,608,505	3,638,505
2052 - 2056	2,815,000	825,140	3,640,140
2057	680,000	45,915	725,915
Total	$ 9,605,000	$ 16,459,370	$ 26,064,370

Net Pension Liability: See Note 8 for information on the School's net pension liability.

Net OPEB Liability: See Note 9 for information on the School's net OPEB liability.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The School has contracted with Imagine Schools, Inc. (see Note 11.B) to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to the systems noted below.

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

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The School's contractually required contribution to SERS was $42,979 for fiscal year 2021. Of this amount, $4,907 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The School was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $125,954 for fiscal year 2021. Of this amount, $10,972 is reported as intergovernmental payable.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the projected contributions of all participating entities.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.00594340%	0.00766804%	
Proportion of the net pension liability current measurement date	0.00793360%	0.00712329%	
Change in proportionate share	0.00199020%	-0.00054475%	
Proportionate share of the net pension liability	$ 524,745	$ 1,723,583	$ 2,248,328
Pension expense	$ 96,875	$ 53,538	$ 150,413

At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 1,019	$ 3,868	$ 4,887
Net difference between projected and actual earnings on pension plan investments	33,310	83,820	117,130
Changes of assumptions	-	92,524	92,524
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	73,724	17,619	91,343
Contributions subsequent to the measurement date	42,979	125,954	168,933
Total deferred outflows of resources	$ 151,032	$ 323,785	$ 474,817

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 11,020	$ 11,020
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	9,065	318,064	327,129
Total deferred inflows of resources	$ 9,065	$ 329,084	$ 338,149

$168,933 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 fiscal year ending June 30, 2022.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:			
2022	$ 37,269	$ (32,514)	$ 4,755
2023	37,407	(66,044)	(28,637)
2024	13,883	(52,554)	(38,671)
2025	10,429	19,859	30,288
Total	$ 98,988	$ (131,253)	$ (32,265)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

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

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

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

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

	1% Decrease	Current Discount Rate	1% Increase
Schoot's proportionate share of the net pension liability	$ 718,837	$ 524,745	$ 361,898

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020 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 geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net pension liability	$ 2,454,082	$ 1,723,583	$ 1,104,546

NOTE 9 - DEFINED BENEFIT OPEB PLANS

The School has contracted with Imagine Schools, Inc. (see Note 11.B) to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting OPEB contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to the systems noted below.

Net OPEB Liability/Asset

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School's surcharge obligation was $629.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was $629 for fiscal year 2021 and is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability/asset was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.00538900%	0.00766804%	
Proportion of the net OPEB liability/asset current measurement date	0.00777480%	0.00712329%	
Change in proportionate share	0.00238580%	-0.00054475%	
Proportionate share of the net OPEB liability	$ 168,972	$ -	$ 168,972
Proportionate share of the net OPEB asset	$ -	$ (125,192)	$ (125,192)
OPEB expense	$ 8,798	$ (7,706)	$ 1,092

At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 2,219	$ 8,021	$ 10,240
Net difference between projected and actual earnings on OPEB plan investments	1,907	4,388	6,295
Changes of assumptions	28,804	2,067	30,871
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	57,285	6,845	64,130
Contributions subsequent to the measurement date	629	-	629
Total deferred outflows of resources	$ 90,844	$ 21,321	$ 112,165

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 85,935	$ 24,936	$ 110,871
Changes of assumptions	4,256	118,913	123,169
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	22,906	10,783	33,689
Total deferred inflows of resources	$ 113,097	$ 154,632	$ 267,729

$629 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (6,582)	$ (32,594)	$ (39,176)
2023	(6,445)	(29,624)	(36,069)
2024	(6,465)	(28,584)	(35,049)
2025	(5,404)	(28,492)	(33,896)
2026	(133)	(7,842)	(7,975)
Thereafter	2,147	(6,175)	(4,028)
Total	$ (22,882)	$ (133,311)	$ (156,193)

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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 206,817	$ 168,972	$ 138,885

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 133,052	$ 168,972	$ 217,005

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. 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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net OPEB asset	$ 108,925	$ 125,192	$ 138,993

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB asset	$ 138,137	$ 125,192	$ 109,423

NOTE 10 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School maintained the following coverage: general liability, automobile liability, excess/umbrella liability, and property liability through Philadelphia Indemnity Insurance Co.; and workers compensation and employers' liability through MEMIC Indemnity Company.

Coverage	Limits of Coverage
General liability:	
Each occurrence	$ 1,000,000
General aggregate	3,000,000
Medical expenses	10,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	100,000
Products - aggregate	3,000,000
Automobile liability:	
Combined single limit - each accident	1,000,000
Excess/umbrella liability:	
Each occurrence	10,000,000
Aggregate	10,000,000
Retention	10,000
Property liability:	
Blanket building limit	153,236,369
Blanket personal property limit	20,408,647
Deductible	5,000
Blanket business income with extra expense limit	72,863,400
Workers' compensation and employers' liability:	
Each accident	1,000,000
Disease - each employee	1,000,000
Disease - policy limit	1,000,000

Settled claims have not exceeded commercial coverage in the past three years. There was a reduction in crime liability and directors and officers liability coverage from the prior year.

NOTE 11 - CONTRACTS

A. Sponsor Contract

The School entered into a sponsorship contract commencing on April 18, 2008 and ending on June 30, 2010 with St. Aloysius (the "Sponsor") for its establishment. On June 28, 2010 the contract was renewed commencing on July 1, 2010 and ending on June 30, 2013. On May 30, 2013 the contract was renewed for a term of two years commencing on July 1, 2013 and ending on June 30, 2015. On June 30, 2015, the contract was renewed for automatic one year terms effective July 1, 2015 through June 30, 2020. On May 28, 2020, the contract was renewed for a six-year term commencing July 1, 2020 and ending on June 30, 2026. The Sponsor shall carry out the responsibilities established by law, including:

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

The School paid the Sponsor $76,129 for services during fiscal year 2021. Accounts payable to the Sponsor in the amount of $482 has been reported to reimburse the Sponsor for amounts due from ODE at June 30, 2021, in accordance with the sponsorship contract.

B. Management Contract

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

- Personnel & human resources administration
- Program of instruction
- Purchasing & contracts
- Budgeting, financial reporting and audit preparation
- Compliance issues
- Curriculum research and development
- Marketing and publicity
- Equipment and facilities
- Grant preparation and management

For the services listed above, the School is required to pay a fee to Imagine Schools, Inc. The fee is equal to approximately 78 percent of the total per pupil allowance received from the State of Ohio and 100 percent of State and/or Federal grant funds received by the School for the creation and operation of its school. Payments to Imagine Schools, Inc. amounted to $3,024,061 during fiscal year 2021.

NOTE 11 - CONTRACTS - (Continued)

At June 30, 2021, the School reported accounts payable to Imagine Schools, Inc. in the amount of $302,706. This payable consists of intergovernmental receivables (grants and amounts due from ODE) to be transferred to Imagine Schools, Inc. to cover expenses incurred by Imagine Schools, Inc. on the School's behalf, in accordance with the operating contract.

At June 30, 2021, the School had accounts receivable of $16,508 from Imagine Schools, Inc. to cover the intergovernmental payables to the retirement systems for the fiscal year-end true-up and surcharge, in accordance with the operating contract.

C. Service Contract

The School entered into a service contract for a period of twelve months beginning July 1, 2016 with automatic one-year renewals, with Charter School Specialists, LLC (CSS), to provide fiscal and Comprehensive Continuous Planning consulting services. The School paid CSS $31,034 during fiscal year 2021 for these services.

NOTE 12 - OPERATING LEASE

The School entered into a lease agreement on November 17, 2008, with Schoolhouse Finance, LLC to lease classroom space for the School. The term of the lease commenced September 1, 2008, and shall continue through June 30, 2023. Thereafter the lease shall automatically extend for two additional five year terms, unless written notice of intent not to extend is delivered by either party at least one hundred eighty days prior to the end of the then current lease term. The School shall pay to Schoolhouse Finance, LLC $785,268 in annual base rent payable in monthly installments of one-twelfth each on the fifteenth day of each month of the term. The base rent shall escalate annually on July 1 at a rate equal to the greater of the increase in the overall Consumer Price Index All-Urban Consumers, all items less food and energy, and three percent.

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

The School made $644,925 in payments to Schoolhouse Finance, LLC during fiscal year 2021. The School's lease agreements with Schoolhouse Finance, LLC were terminated upon the purchase of the leased facilities on March 11, 2021.

NOTE 13 - MANAGEMENT COMPANY EXPENSES

For the fiscal year ended June 30, 2021, Imagine Schools, Inc. and its affiliates incurred the following expenses (reported on cash-basis) on behalf of the School:

Direct Expenses:	
Salaries and wages	
Instruction	$ 819,598
Support services	254,075
Administrative services	239,487
Operations and maintenance	34,842
Employees' benefits	
Instruction	386,637
Support services	48,963
Administrative services	36,697
Operations and maintenance	8,767
Purchased services	
Instruction	158,034
Support services	110,453
Administrative services	41,130
Fiscal/business services	61,120
Operations and maintenance	93,225
Support/food services	100,850
Facilities/construction services	38,289
Supplies and materials	
Instruction	165,907
Administrative services	8,983
Operations and maintenance	19,584
Other direct costs	
Instruction	198,359
Administrative services	273,388
Fiscal/business services	4,862
Total expenses	$ 3,103,250

NOTE 14 - CONTINGENCIES

A. Grants

The School received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2021.

B. Litigation

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

NOTE 15 - FEDERAL TAX STATUS

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization on November 3, 2010. Management is not aware of any course of action or series of events that might adversely affect the School's tax exempt status.

NOTE 16 - MANAGEMENT PLAN

The School had a decrease of $511,262 in net position during fiscal year 2021 and deficit net position of $2,842,745 at June 30, 2021. The deficit net position is primarily due to the notes payable liability of $8,937,499, net pension liability of $2,248,328, net OPEB liability of $168,972, net OPEB asset of $125,192, deferred outflows of resources and deferred inflows of resources related to the net pension liability and net OPEB liability of $586,982 and $605,878, respectively, at June 30, 2021. The net pension liability, net OPEB liability/asset and related deferred outflows of resources and deferred inflows of resources are required to be reported in accordance with GASB Statements No. 68 and 71, as described in Note 6 and GASB Statement No. 75, as described in Note 7. Management intends to continue attempting to increase School enrollment and improve operating efficiencies.

NOTE 17 - RELATED PARTY TRANSACTIONS

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

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School. The School's investment portfolio and the pension and other employee benefits plan in which the School participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the School's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 19 - SUBSEQUENT EVENT

For fiscal year 2022, community school foundation funding received from the State of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
School's proportion of the net pension liability	0.00793360%	0.00594340%	0.00678810%	0.00620580%
School's proportionate share of the net pension liability	$ 524,745	$ 355,604	$ 388,767	$ 370,783
School's covered payroll	$ 296,464	$ 203,896	$ 223,067	$ 203,243
School's proportionate share of the net pension liability as a percentage of its covered payroll	177.00%	174.40%	174.28%	182.43%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.06069400%	0.00693140%	0.00727700%	0.00727700%
$ 444,224	$ 395,512	$ 368,285	$ 432,740
$ 188,500	$ 208,672	$ 211,457	$ 247,030
235.66%	189.54%	174.17%	175.18%
62.98%	69.16%	71.70%	65.52%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	2021	**2020**	**2019**	**2018**
School's proportion of the net pension liability	0.00712329%	0.00766804%	0.00975512%	0.00953601%
School's proportionate share of the net pension liability	$ 1,723,583	$ 1,695,741	$ 2,144,932	$ 2,265,300
School's covered payroll	$ 1,036,436	$ 854,300	$ 1,091,043	$ 1,048,364
School's proportionate share of the net pension liability as a percentage of its covered payroll	166.30%	198.49%	196.59%	216.08%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.09464520%	0.01078427%	0.01082831%	0.01082831%
$ 3,168,060	$ 2,980,457	$ 2,633,820	$ 3,137,389
$ 995,850	$ 1,108,136	$ 1,106,354	$ 1,007,685
318.13%	268.96%	238.06%	311.35%
66.80%	72.10%	74.70%	69.30%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 42,979	$ 41,505	$ 27,526	$ 30,114
Contributions in relation to the contractually required contribution	(42,979)	(41,505)	(27,526)	(30,114)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 306,993	$ 296,464	$ 203,896	$ 223,067
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	28,454	$	26,390	$	27,503	$	29,308	$	34,189	$	42,644
	(28,454)		(26,390)		(27,503)		(29,308)		(34,189)		(42,644)
$	-	$	-	$	-	$	-	$	-	$	-
$	203,243	$	188,500	$	208,672	$	211,457	$	247,030	$	317,056
	14.00%		14.00%		13.18%		13.86%		13.84%		13.45%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 125,954	$ 145,101	$ 119,602	$ 152,746
Contributions in relation to the contractually required contribution	(125,954)	(145,101)	(119,602)	(152,746)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 899,671	$ 1,036,436	$ 854,300	$ 1,091,043
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	146,771	$	139,419	$	155,139	$	143,826	$	130,999	$	112,983
	(146,771)		(139,419)		(155,139)		(143,826)		(130,999)		(112,983)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,048,364	$	995,850	$	1,108,136	$	1,106,354	$	1,007,685	$	869,100
	14.00%		14.00%		14.00%		13.00%		13.00%		13.00%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	**2020**	**2019**	**2018**
School's proportion of the net OPEB liability	0.00777480%	0.00538900%	0.00613960%	0.00629320%
School's proportionate share of the net OPEB liability	$ 168,972	$ 135,522	$ 170,329	$ 168,893
School's covered payroll	$ 296,464	$ 203,896	$ 223,067	$ 203,243
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.00%	66.47%	76.36%	83.10%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.00571967%
$ 163,032
$ 188,500
86.49%
11.49%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	**2020**	**2019**	**2018**
School's proportion of the net OPEB liability/asset	0.00712329%	0.00766804%	0.00975512%	0.00953601%
School's proportionate share of the net OPEB liability/(asset)	$ (125,192)	$ (127,001)	$ (156,755)	$ 372,060
School's covered payroll	$ 1,036,436	$ 854,300	$ 1,091,043	$ 1,048,364
School's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	12.08%	14.87%	14.37%	35.49%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	
	0.00946452%
$	506,165
$	995,850
	50.83%
	37.33%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 629	$ 2,829	$ 1,019	$ 1,115
Contributions in relation to the contractually required contribution	(629)	(2,829)	(1,019)	(1,115)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 306,993	$ 296,464	$ 203,896	$ 223,067
Contributions as a percentage of covered payroll	0.20%	0.95%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013	2012
$ 3,410	$ 1,045	$ 2,656	$ 350	$ 395	$ 1,744
(3,410)	(1,045)	(2,656)	(350)	(395)	(1,744)
$ -	$ -	$ -	$ -	$ -	$ -
$ 203,243	$ 188,500	$ 208,672	$ 211,457	$ 247,030	$ 317,056
1.68%	0.55%	1.27%	0.17%	0.16%	0.55%

SULLIVANT AVENUE COMMUNITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 899,671	$ 1,036,436	$ 854,300	$ 1,091,043
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	-	$	-	$	-	$	11,818	$	10,077	$	8,691
	-		-		-		(11,818)		(10,077)		(8,691)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,048,364	$	995,850	$	1,108,136	$	1,106,354	$	1,007,685	$	869,100
	0.00%		0.00%		0.00%		1.00%		1.00%		1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

OTHER SUPPLEMENTARY INFORMATION

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	Sullivant Avenue Community School	Sullivant School Properties, LLC	Total
Assets:			
Current assets:			
Cash	$ 151,818	$ -	$ 151,818
Restricted cash and cash equivalents held by trustee	-	287,825	287,825
Receivables:			
Accounts	16,508	-	16,508
Intergovernmental	191,389	-	191,389
Total current assets	359,715	287,825	647,540
Non-current assets:			
Net OPEB asset	125,192	-	125,192
Capital assets, not being depreciated	-	610,211	610,211
Capital assets, being depreciated	-	7,470,317	7,470,317
Capital assets, net	-	8,080,528	8,080,528
Total non-current assets	125,192	8,080,528	8,205,720
Total assets	484,907	8,368,353	8,853,260
Deferred outflows of resources:			
Pension	474,817	-	474,817
OPEB	112,165	-	112,165
Total deferred outflows of resources	586,982	-	586,982
Liabilities:			
Current liabilities:			
Accounts payable	305,802	-	305,802
Intergovernmental payable	16,508	-	16,508
Total current liabilities	322,310	-	322,310
Long-term liabilities:			
Due in more than one year:			
Net pension liability	2,248,328	-	2,248,328
Net OPEB liability	168,972	-	168,972
Other amounts	-	8,937,499	8,937,499
Total long-term liabilities	2,417,300	8,937,499	11,354,799
Total liabilities	2,739,610	8,937,499	11,677,109
Deferred inflows of resources:			
Pension	338,149	-	338,149
OPEB	267,729	-	267,729
Total deferred inflows of resources	605,878	-	605,878
Net position:			
Net investment in capital assets	-	(811,837)	(811,837)
Restricted for:			
Debt service	-	242,691	242,691
Unrestricted (deficit)	(2,273,599)	-	(2,273,599)
Total net position (deficit)	$ (2,273,599)	$ (569,146)	$ (2,842,745)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Sullivant Avenue Community School	Sullivant School Properties LLC	Eliminations	Total
Operating revenues:				
State foundation	$ 2,611,828	$ -	$ -	$ 2,611,828
Lease revenue	-	107,640	(107,640)	-
Other operating revenues	28,763	-	(28,763)	-
Total operating revenues	2,640,591	107,640	(136,403)	2,611,828
Operating expenses:				
Purchased services:				
Management fees	3,024,061	-	-	3,024,061
Sponsorship fees	76,129	-	-	76,129
Legal fees	45,273	-	(20,663)	24,610
Professional services	45,868	-	(8,100)	37,768
Operating lease payments	752,565	-	(107,640)	644,925
Other	6,911	-	-	6,911
Depreciation	-	94,561	-	94,561
Total operating expenses	3,950,807	94,561	(136,403)	3,908,965
Operating loss	(1,310,216)	13,079	-	(1,297,137)
Non-operating revenues (expenses):				
Federal and State grants	1,368,100	-	-	1,368,100
Interest earnings	-	9	-	9
Interest expense	-	(175,579)	-	(175,579)
Note issuance costs	-	(406,655)	-	(406,655)
Total non-operating revenues (expenses)	1,368,100	(582,225)	-	785,875
Change in net position	57,884	(569,146)	-	(511,262)
Net position (deficit) at beginning of year	(2,331,483)	-	-	(2,331,483)
Net position (deficit) at end of year	$ (2,273,599)	$ (569,146)	$ -	$ (2,842,745)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Sullivant Avenue Community School	Sullivant School Properties LLC	Eliminations	Total
Cash flows from operating activities:				
Cash received from State foundation	$ 2,606,688	$ -	$ -	$ 2,606,688
Cash received from lease revenue	-	107,640	(107,640)	-
Cash received from other operating revenues	28,763	-	(28,763)	-
Cash payments for management fees	(2,860,810)	-	-	(2,860,810)
Cash payments for sponsorship fees	(75,975)	-	-	(75,975)
Cash payments for legal fees	(47,564)	-	20,663	(26,901)
Cash payments for professional services	(45,930)	-	8,100	(37,830)
Cash payments for operating leases	(752,565)	-	107,640	(644,925)
Cash payments for other expenses	(6,911)	-	-	(6,911)
Net cash used in operating activities	(1,154,304)	107,640	-	(1,046,664)
Cash flows from noncapital financing activities:				
Cash received from Federal and State grants	1,247,383	-	-	1,247,383
Net cash provided by noncapital financing activities	1,247,383	-	-	1,247,383
Cash flows from capital and related financing activities:				
Note issuance	-	9,605,000	-	9,605,000
Discount on note issuance	-	(672,350)	-	(672,350)
Note issuance costs	-	(406,655)	-	(406,655)
Interest expense	-	(170,730)	-	(170,730)
Acquisition of capital assets	-	(8,175,089)	-	(8,175,089)
Net cash provided by capital and related financing activities	-	180,176	-	180,176
Cash flows from investing activities:				
Interest received	-	9	-	9
Net increase in cash	93,079	287,825	-	380,904
Cash and cash equivalents at beginning of year	58,739	-	-	58,739
Cash and cash equivalents at end of year	$ 151,818	$ 287,825	$ -	$ 439,643

- (Continued)

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF CASH FLOWS - (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Sullivant Avenue Community School	Sullivant School Properties LLC	Eliminations	Total
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$ (1,310,216)	$ 13,079	$ -	(1,297,137)
Adjustments:				
Depreciation	-	94,561	-	94,561
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Decrease in accounts receivable	13,634	-	-	13,634
(Increase) in intergovernmental receivable	(5,140)	-	-	(5,140)
Decrease in net OPEB asset	1,809	-	-	1,809
(Increase) in deferred outflows - pensions	(29,453)	-	-	(29,453)
(Increase) in deferred outflows - OPEB	(71,080)	-	-	(71,080)
Increase in accounts payable	179,109	-	-	179,109
(Decrease) in intergovernmental payable	(13,634)	-	-	(13,634)
Increase in net pension liability	196,983	-	-	196,983
Increase in net OPEB liability	33,450	-	-	33,450
(Decrease) in deferred inflows - pensions	(186,050)	-	-	(186,050)
Increase in deferred inflows - OPEB	36,284	-	-	36,284
Net cash used in operating activities	$ (1,154,304)	$ 107,640	$ -	$ (1,046,664)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program/Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program - Covid 19	10.553	$ 3,937
School Breakfast Program	10.553	$ 32,645
National School Lunch Program - Covid 19	10.555	$ 5,885
National School Lunch Program	10.555	$ 48,734
Total Child Nutrition Cluster		91,201
Total U.S. Department of Agriculture		91,201
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Coronavirus Relief Fund	21.019	$ 162,948
Title I Grants to Local Educational Agencies	84.010A	$ 282,740
Special Education Cluster		
Special Education Grants to States (IDEA Part B)	84.027A	$ 52,631
English Language Acquisition State Grants	84.365A	$ 25,624
Supporting Effective Instruction State Grants	84.367A	$ 26,374
Student Support and Academic Enrichment Program	84.424A	$ 18,645
Elementary and Secondary School Emergency Relief Fund	84.425D	$ 175,846
Total U.S. Department of Education		$ 744,808
Total Expenditures of Federal Awards		**$ 836,009**

The accompanying notes are an integral part of this schedule.

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Sullivant Avenue Community School under programs of the federal government for the year ended 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School did not provide funds to other subrecipients during this audit period.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

The School did not participate in the donated food program.

OHIO AUDITOR OF STATE
KEITH FABER

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

Sullivant Avenue Community School
Franklin County
3435 Sullivant Avenue
Columbus, OH 43204

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Sullivant Avenue Community School, Franklin County, (the School) as of and for the year ended June 30, 2021 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 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

Sullivant Avenue Community School
Franklin County
3435 Sullivant Avenue
Columbus, OH 43204

To the Board of Directors:

Report on Compliance for the Major Federal Programs

We have audited Sullivant Avenue Community School (the School) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Sullivant Avenue Community School's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School's major federal programs.

Management's Responsibility

The School's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School's compliance for the School's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School's major programs. However, our audit does not provide a legal determination of the School's compliance.

Opinion on the Major Federal Programs

In our opinion, Sullivant Avenue Community School complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2022

SULLIVANT AVENUE COMMUNITY SCHOOL
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL#: 84.010A Title 1 Grants to Local Educational Agencies AL#: 84.425D Elementary and Secondary School Emergency Relief
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

SULLIVANT AVENUE COMMUNITY SCHOOL

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/13/2022

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