

EVEREST HIGH SCHOOL
FRANKLIN COUNTY
REGULAR AUDIT/FINAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549

natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Directors
Everest High School
1555 Graham Road
Reynoldsburg, Ohio 43068

We have reviewed the *Independent Auditor's Report* of the Everest High School, Franklin County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 07, 2023

This page intentionally left blank.

Everest High School
Franklin County
Table of Contents
For the Fiscal Year Ended June 30, 2022

<u>Title</u>	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	13
Required Supplementary Information:	
Schedule of the School’s Proportionate Share of the Net Pension Liability – School Employees Retirement System – Last Six Fiscal Years	42
Schedule of the School’s Proportionate Share of the Net Pension Liability – State Teachers Retirement System – Last Six Fiscal Years.....	43
Schedule of the School’s Pension Contributions – School Employees Retirement System – Last Ten Fiscal Years.....	44
Schedule of the School’s Pension Contributions – State Teachers Retirement System – Last Ten Fiscal Years.....	45
Schedule of the School’s Proportionate Share of the Net OPEB Liability – School Employees Retirement System – Last Six Fiscal Years	46
Schedule of the School’s Proportionate Share of the Net OPEB Liability/(Asset) – State Teachers Retirement System – Last Six Fiscal Years.....	47
Schedule of the School’s OPEB Contributions – School Employees Retirement System – Last Ten Fiscal Years.....	48
Schedule of the School’s OPEB Contributions – State Teachers Retirement System – Last Ten Fiscal Years.....	49
Notes to the Required Supplementary Information.....	50
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing</i> <i>Standards</i>	56
Schedule of Findings and Responses	58

Independent Auditor's Report

Board of Directors
Everest High School
1555 Graham Rd
Reynoldsburg, Ohio 43068

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Everest High School, Franklin County, Ohio, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School. As discussed in Note 15 to the basic financial statements, for the fiscal year ended June 30, 2021, the School's Sponsor placed the School on probationary status due to academic performance and declining enrollment. Due to this status, the School closed at the completion of the 2022 school year. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

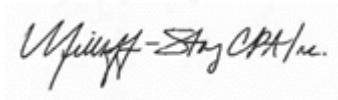
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the School's proportionate share of the net pension/OPEB liabilities/assets, and the schedules of the School's pension/OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

May 1, 2023

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

The management's discussion and analysis of Everest High School's (the School) financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2022. 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 the basic financial statements to enhance their understanding of the School's financial performance.

Key Financial Highlights of the School

Key 2022 financial highlights for the School are as follows:

- The School saw the net position increase by \$82,866 during fiscal year 2022. Almost of the increase can be attributed to net change in the GASB 68 and GASB 75 pension and postemployment items reported on the financial statements.
- The School is required to report a net pension liability and OPEB liability of \$300,610 as these are components that significantly reduce the School's net position. By removing the items related to GASB 68 and GASB 75, the School would report a net position of \$364,627. The net position increase includes a pension and OPEB income of \$5,132.
- The total current assets of the School were \$383,083 as of June 30, 2022 which is about 1 percent higher from the fiscal year 2021 amount as the cash balance actually increased slightly.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of four components: the management discussion and analysis, the basic financial statements, notes to those statements and required supplementary information. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the School's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the School's net position changed during the most recent fiscal year. The statement of cash flows presents the sources and uses of the School's cash and how it changed during the most recent fiscal year.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

Financial Analysis

Table 1 provides a summary of the School's net position at fiscal year-end for fiscal years 2022 and 2021 (GAAP basis).

	2022	2021
Assets:		
Current Assets	\$ 383,083	\$ 381,349
Noncurrent Assets	32,223	24,041
Total Assets	415,306	405,390
 Deferred Outflows of Resources	 183,936	 170,371
Liabilities		
Current Liabilities	18,456	51,356
Long-term Liabilities		
Net Pension Liability	267,209	458,962
OPEB Liability	33,401	39,256
Total Liabilities	319,066	549,574
 Deferred Inflows of Resources	 326,833	 155,710
Net Position:		
Restricted	62,425	61,000
Unrestricted	(109,082)	(190,523)
Total Net Position	\$ (46,657)	\$ (129,523)

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School also reports GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of these 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.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

Including the pension/OPEB items, the School saw total assets increased by \$9,916 as the School saw the cash balance increase with higher foundation revenue. The School does report a net OPEB asset for one of the retirement systems mainly because of the change in assumptions on the discount rate used and it increased over fiscal year 2021 as well.

The current liabilities decreased by \$32,900 as the School reported higher accrued wages in fiscal year 2021. Since the School closed effective June 30, 2022, there were very few employees that had accrued wages paid after year end. The School saw both the Net Pension Liability and OPEB asset/liability decreased although the School's allocate share of the total liability increased overall between the two fiscal years. The deferred inflow of resources increased since those changes are amortized over the remaining service life for each retirement system.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

Financial Analysis

Table 2 shows the change in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

**Table 2
Changes in Net Position**

	2022	2021
Operating Revenues:		
State Foundation	\$ 417,333	\$ 305,343
Other	576	2,528
Total Operating Revenues	417,909	307,871
Operating Expenses:		
Salaries	175,278	248,523
Fringe Benefits	3,554	78,062
Purchased Services	109,649	141,103
Materials and Supplies	20,153	19,601
Depreciation	25,714	-
Other	30,431	27,422
Total Operating Expenses	364,779	514,711
Operating Income (Loss)	53,130	(206,840)
Nonoperating Revenues (Expenses):		
Federal and State Grants	31,022	60,854
Interest and Fiscal Charges	(1,286)	-
Total Nonoperating Revenues (Expenses)	29,736	60,854
Change in Net Position	82,866	(145,986)
Net Position, Beginning of Year	(129,523)	16,463
Net Position, End of the Year	\$ (46,657)	\$ (129,523)

The School saw the student population increased from 41 to 53 FTE resulting in the GAAP basis foundation revenue increasing almost \$112,000 during fiscal year 2022. There was a large decrease between the two years related to Federal and State Grants part of which is related no outstanding receivables for fiscal year 2022. The fiscal year 2021 fringe benefits were significantly higher as the net pension/opeb expense/(income) was \$23,210 compared to (\$5,132) for fiscal year 2022.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

Budget Highlights

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by the School's contract with its Sponsor. The contract between the School and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on a bi-annual basis.

Capital Assets

At the end of 2022, the School had no reportable capital asset balance. See note 6 for more information on the School's capital assets.

Debt

At June 30, 2022, the School had no outstanding long term debt.

Current Financial Issues

The School closed operations at the end of fiscal year 2022. The remaining fund will be disbursed to close out the School and then returned to the Ohio Department of Education.

Contacting the School

This financial report is designed to provide a general overview of the finances of the School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the School, 1555 Graham Road, Reynoldsburg, Ohio 43068.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO
STATEMENT OF NET POSITION**

AS OF JUNE 30, 2022

Assets:

Current assets:

Cash and cash equivalents	\$ 380,833
Prepays	<u>2,250</u>
Total current assets	<u>383,083</u>

Noncurrent assets:

Net OPEB asset	<u>32,223</u>
----------------	---------------

Total Assets 415,306

Deferred Outflows of Resources:

Pension	156,776
OPEB	<u>27,160</u>

Total Deferred Outflows of Resources 183,936

Liabilities:

Current liabilities

Accounts payable	9,722
Accrued wages and benefits payable	7,565
Intergovernmental payable	<u>1,169</u>
Total current liabilities	<u>18,456</u>

Long term liabilities

Net Pension liability	267,209
OPEB liability	<u>33,401</u>
Total long term liabilities	<u>300,610</u>

Total Liabilities 319,066

Deferred Inflows of Resources:

Pension	246,031
OPEB	<u>80,802</u>

Total Deferred Inflows of Resources 326,833

Net Position:

Restricted for other purposes	62,425
Unrestricted (deficit)	<u>(109,082)</u>

Total Net Position \$ (46,657)

See accompanying notes to the basic financial statements

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating revenues:	
Foundation payments	\$ 417,333
Other operating revenues	576
	<hr/>
Total operating revenues	417,909
	<hr/>
Operating expenses:	
Salaries	175,278
Fringe benefits	3,554
Purchased services	109,649
Materials and supplies	20,153
Depreciation	25,714
Other operating expenses	30,431
	<hr/>
Total operating expenses	364,779
	<hr/>
Operating Income	53,130
Non-Operating revenues (Expenses):	
Federal and State grants	31,022
Interest and Fiscal Charges	(1,286)
	<hr/>
Total non-operating revenues (expense)	29,736
	<hr/>
Change in net position	82,866
Net position at beginning of year	(129,523)
Net position at end of year	<u><u>\$ (46,657)</u></u>

See accompanying notes to the basic financial statements

-

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 428,228
Cash received from other operating revenues	576
Cash payments for personal services	(268,052)
Cash payments for contract services	(109,328)
Cash payments for supplies and materials	(20,638)
Cash payments for other expenses	(30,431)
Net cash provided by operating activities	<u>355</u>

Cash flows from capital and related financing activities:

Principal paid on leases obligations	(25,714)
Interest paid on debt obligations	(1,286)
Net cash used for capital financing activities	<u>(27,000)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	<u>32,617</u>
---	---------------

Net change in cash and cash equivalents	5,972
Cash and Cash Equivalents at beginning of year	<u>374,861</u>
Cash and Cash Equivalents at end of year	<u><u>380,833</u></u>

Reconciliation of operating income to net cash provided by operating activities:

Operating Income	53,130
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	25,714
Change in assets and liabilities:	
Decrease in intergovernmental receivable	2,643
Increase in OPEB asset	(8,182)
Increase in deferred outflows	(13,565)
Increase in accounts payable	8,701
Decrease in accrued wages and benefits	(37,794)
Decrease in intergovernmental payable	(3,807)
Increase in deferred inflows	171,123
Decrease in net pension liability	(191,753)
Decrease in OPEB liability	(5,855)
Total Adjustments	<u>(78,489)</u>

Net cash provided by operating activities	<u><u>\$ 355</u></u>
---	----------------------

See accompanying notes to the basic financial statements

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

Everest High School, Franklin County, Ohio (the “School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702, to maintain and provide a high quality education to its students and contributes significantly to Ohio’s effort to provide quality education opportunities for learners in the areas of academic development, civic leadership, and a lifetime of productive work. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School’s tax exempt status. The School is designed as high school dropout prevention/recovery program. The target student population consists of students who are 16-21 years of age, considered to be “at risk” for graduating from high school, and who, at the time of their enrollment, are at least one grade level behind their cohort age group and/or have experienced a crisis that significantly interferes with their academic progress to the extent they cannot continue in the traditional high school program. The School, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practice, and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is not considered a component unit for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”.

The School was approved for operation under a contract with the Reynoldsburg City School District on May 21, 2012 to begin operation on July 1, 2012 for a period of one academic year and was renewed for a period of five years on May 21, 2013. The School switched sponsors to St Aloysius Orphanage (the “Sponsor”) for July 1, 2017 to June 30, 2020. The Sponsor renewed the contract for another three year period from July 1, 2020 to June 30, 2023. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. On May 16, 2022, the School’s sponsor issued a notice to the Board of Directors for the intent to close the School. A following notice was provided to the School closing the School13 effective May 26, 2022.

The School is designed to operate under the direction of a self-appointed six-member Board of Directors (the “Board”). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the School’s one instructional/support facility staffed by 2 non-certified staff members and 2 certificated teaching personnel who provide services to 53 full time equivalent students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School’s accounting policies.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, net position and cash flows.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources 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 net total position. The statement of cash flows reflects how the School finances and meets its cash flow needs.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in accounts in the School's name. Monies for the School are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of \$1,000. The School does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets 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:

<u>Description</u>	<u>Estimated Lives</u>
Building	40
Building Improvements	20
Fixtures and Furniture	10
Vehicles	8
Equipment	5

Amortization of intangible right to use leased assets is computed using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program and State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

Eligibility requirements include 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.

Amounts awarded under the items above for the year ended June 30, 2022 totaled \$448,355.

G. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes represents amounts restricted for a state grant program. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. (See Notes 9 and 10)

I. Pensions/Other Postemployment Benefits (OPEB)

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

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

K. Operating Revenues and Expenses

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the basic financial statements. Leases are recognized as a liability on the basic financial statements when due.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 3 – CASH AND CASH EQUIVALENTS

At fiscal year end June 30, 2022, the carrying amount of the School’s deposits was \$380,833, and the bank balance was \$381,457. Of the bank balance, \$131,457 was not exposed to custodial credit risk as discussed below, while \$250,000 was covered by Federal Deposit Insurance.

Custodial credit risk is the risk that, in the event of bank failure, the School’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

NOTE 4 – PURCHASED SERVICES

For the fiscal year ended June 30, 2022, purchased services expenses were as follows:

Professional and Technical	\$	92,623
Legal		1,834
Communications		427
Property Services		14,765
Total		109,649

NOTE 5 – RECEIVABLES

The School has no receivables at June 30, 2022.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022:

	Balance 6/30/21*	Additions	Deductions	Balance 6/30/22
Capital Assets Being Depreciated				
Furniture and Equipment	\$15,840	\$0	\$0	\$15,840
Intangible Right to Use Leased Asset	25,714	0	0	25,714
Total Capital Assets Being Depreciated	41,554	0	0	41,554
Less Accumulated Depreciation				
Furniture and Equipment	(15,840)	0	0	(15,840)
Intangible Right to Use Leased Asset	0	(25,714)	0	(25,714)
Total Accumulated Depreciated	(15,840)	(25,714)	0	(41,554)
Capital Assets, Net	\$25,714	(\$25,714)	\$0	\$0

* See Note 16 for additional information regarding this restatement

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6 – CAPITAL ASSETS (continued)

Of the current year depreciation total of \$25,714, all is related to the School’s intangible building asset, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, “Leases”, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

NOTE 7 – SPONSORSHIP AGREEMENT

The School has entered into a sponsorship agreement with Saint Aloysius Orphanage (the Sponsor), whereby, the Sponsor shall receive compensation for services provided to the School. The Sponsor shall provide the School Treasurer with fiscal oversight and administrative support related to the following:

- A. Support to ensure that the financial records of the School are maintained in the same manner as are financial records of School, pursuant to rules of the Auditor of State.
- B. Compliance with the policies and procedures regarding internal financial control of the School.
- C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the School paid the Sponsor \$11,928 in sponsorship fees.

NOTE 8 – RISK MANAGEMENT

A. Insurance Coverage

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the fiscal year ending June 30, 2022, the School contracted with Liberty Mutual for the following insurance coverage:

<u>Coverage</u>	<u>Limits of Coverage</u>
General liability:	
Each occurrence	\$ 1,000,000
Aggregate	2,000,000
Umbrella liability:	
Each occurrence	5,000,000
Aggregate	5,000,000
Business auto:	
Each occurrence	1,000,000
Employee benefits liability:	
Each occurrence	1,000,000
Aggregate	3,000,000

There was no significant reduction in coverage from the prior year. Settlement amounts have not exceeded coverage amounts in each of the past three years.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 8 – RISK MANAGEMENT (continued)

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly gross payroll by a factor that is calculated by the State.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – The School’s 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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service 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 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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 or \$86 multiplied by the years of service. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the year 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021. In 2021, the Board of Trustees approved a 2 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.

For the fiscal year ended June 30, 2022, the funding percentage was 100%; therefore, the allocation to pension, death benefits, and Medicare B was 14 percent. 0 percent was allocated to the Health Care Fund for fiscal year 2022.

The School's contractually required contribution to SERS was \$9,631 for fiscal year 2022. Of this amount \$1,002 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent 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 at age fifty and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was \$27,468 for fiscal year 2022. Of this amount \$0 is reported as an intergovernmental payable.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability - prior measurement date	0.0019348%	0.00136793%	
Proportion of the Net Pension Liability - current measurement date	<u>0.0019458%</u>	<u>0.001528364%</u>	
Change in proportionate share	<u>0.0000110%</u>	<u>0.00016043%</u>	
Proportionate Share of the Net Pension Liability	\$71,794	\$195,415	\$267,209
Pension Expense (Income)	(\$20,237)	\$9,407	(\$10,830)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$7	\$6,037	\$6,044
Changes in proportion share	418	57,492	57,910
Changes in assumptions	1,512	54,211	55,723
School contributions subsequent to the measurement date	<u>9,631</u>	<u>27,468</u>	<u>37,099</u>
Total Deferred Outflows of Resources	<u>\$11,568</u>	<u>\$145,208</u>	<u>\$156,776</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$36,976	\$168,410	\$205,386
Differences between expected and actual experience	1,862	1,225	3,087
Changes in proportion share	<u>10,903</u>	<u>26,655</u>	<u>37,558</u>
Total Deferred Inflows of Resources	<u>\$49,741</u>	<u>\$196,290</u>	<u>\$246,031</u>

\$37,099 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$19,745)	(\$29,644)	(\$49,389)
2024	(7,919)	(14,137)	(22,056)
2025	(8,792)	(8,387)	(17,179)
2026	(11,348)	(26,382)	(37,730)
Total	(\$47,804)	(\$78,550)	(\$126,354)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent 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, 2020.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- 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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$119,448	\$71,794	\$31,606

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	7.61 %

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent 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. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$365,939	\$195,415	\$51,322

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 10 – DEFINED BENEFIT OPEB PLAN

Net OPEB Asset/Liability

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

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

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

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

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, The Board seeks to maintain a funded ratio of at least 90% for basic pension benefits. If the basic benefit funded ratio is less than 70%, the entire 14% of the employers' contributions will be allocated to basic pension benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic pension benefits is 13.50% of payroll; the remaining 0.50% may be allocated to the Health Care Fund at the Board's discretion. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution will be allocated to basic pension benefits with the remaining 0.75% being allocated to the Health Care Fund at the Board's discretion. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic pension benefits.

For fiscal year 2022, the contribution to health care was 0 percent. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School paid \$0 for the SERS surcharge.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

The School’s contractually required contribution to SERS was \$545 for fiscal year 2022. Of this amount \$57 is reported as an 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, 2020. 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 Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS Ohio did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability - prior measurement date	0.0018063%	0.001367930%	
Proportion of the Net OPEB Liability - current measurement date	0.0017649%	0.001528364%	
Change in proportionate share	-0.0000414%	0.000160434%	
 Proportionate Share of the Net OPEB Liability/(Asset)	 \$33,401	 (\$32,223)	 \$1,178
OPEB Expense	\$5,312	\$386	\$5,698

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$356	\$1,148	\$1,504
Changes of assumptions	5,240	2,058	7,298
Changes in proportion share	17,454	359	17,813
School contributions subsequent to the measurement date	<u>545</u>	<u>0</u>	<u>545</u>
Total Deferred Outflows of Resources	<u><u>\$23,595</u></u>	<u><u>\$3,565</u></u>	<u><u>\$27,160</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$708	\$8,932	\$9,640
Differences between expected and actual experience	16,647	5,905	22,552
Changes in assumptions	4,575	19,224	23,799
Change in proportionate share	<u>18,759</u>	<u>6,052</u>	<u>24,811</u>
Total Deferred Inflows of Resources	<u><u>\$40,689</u></u>	<u><u>\$40,113</u></u>	<u><u>\$80,802</u></u>

\$545 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 asset/liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$721)	(\$10,699)	(\$11,420)
2024	(726)	(10,476)	(11,202)
2025	(4,956)	(10,337)	(15,293)
2026	(7,105)	(3,881)	(10,986)
2027	(3,554)	(1,200)	(4,754)
Thereafter	<u>(577)</u>	<u>45</u>	<u>(532)</u>
Total	<u><u>(\$17,639)</u></u>	<u><u>(\$36,548)</u></u>	<u><u>(\$54,187)</u></u>

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

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

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

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

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

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.75% decreasing to 4.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	<u>1% Decrease (1.27%)</u>	<u>Current Discount Rate (2.27%)</u>	<u>1% Increase (3.27%)</u>
School's proportionate share of the net OPEB liability	\$41,389	\$33,401	\$27,021

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School's proportionate share of the net OPEB liability	\$25,717	\$33,401	\$43,667

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

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

STRS 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 %	7.61 %

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021 and 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 not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB asset as of June 30, 2021.

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net OPEB asset	(\$27,192)	(\$32,223)	(\$36,428)
	1% Decrease	Current Trent Rate	1% Increase
School's proportionate share of the net OPEB asset	(\$36,257)	(\$32,223)	(\$27,237)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 11 – OTHER LONG-TERM OBLIGATIONS

Long-term obligations outstanding for the School as of June 30, 2022 was as follows:

Description	Balance 06/30/21*	Additions	Deletions	Balance 06/30/22	Due Within One Year
Net Pension Liability					
SERS	\$127,972	\$0	\$56,178	\$71,794	0
STRS	330,990	0	135,575	195,415	0
Net OPEB Liability					
SERS	39,256	0	5,855	33,401	0
Lease Liability	25,714	0	25,714	0	0
Total	\$523,932	\$0	\$223,322	\$300,610	\$0

*See note 16 for additional information regarding this restatement.

The School reports a portion of the unfunded net pension liability with the two retirement systems as described in Note 9.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11 – OTHER LONG-TERM OBLIGATIONS (continued)

The School reports a portion of the unfunded net OPEB liability with the one retirement system as described in Note 10. The School reports a portion of the net OPEB asset for the another retirement system.

Leases Payable

In a previous fiscal year, the School entered into an agreement for the use of a building to provide educational services. Due to the implementation of GASB 87, this lease has met the criteria of a lease thus requiring it to be recorded by the School. Lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for statement of cash flows. This lease was originally set to mature on July 31, 2023, but due to the closure of the School at the end of fiscal year 2022, the lease obligation was adjusted accordingly. See additional information in note 15 regarding the School’s closure and note 13 regarding additional details of the lease.

NOTE 12 – 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

B. School Funding

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

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

ODE adjustments for fiscal year 2022 have been finalized. The School has reported a payable of \$8,823.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 12 – CONTINGENCIES (continued)

C. Pending 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 13 – LEASE AGREEMENT

On July 1, 2019, the School amended their agreement with Reynoldsburg City Schools for the lease of office space and classrooms including utilities. The monthly lease payments were \$2,500. The lease amendment in July 1, 2020 for a monthly payment of \$2,250. The School paid Reynoldsburg City Schools \$27,000 for use of the space during fiscal year 2022. The School prepaid the July rent of \$2,250 in June, which is reflected as a prepaid asset on the Statement of Net Position. For fiscal year 2023, the School continued their amendment agreement in fiscal year 2022 at \$2,250 per month through July 2022.

NOTE 14 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School received \$1,425 in COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School. The impact on the School's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The School's investment portfolio 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.

NOTE 15 – SCHOOL CLOSEOUT PROCEDURES

On May 26, 2022, the School's sponsor decided to close the School, and file closure paperwork with the Ohio Department of Education. As of May 1, 2023, the School has \$289,701 as a cash balance with final closeout expenditures in the months of May and June estimated to be \$13,000.

The School is required to complete closeout procedures as required by the Ohio Department of Education (ODE). As of the date of this report, the School has not completed the following procedures:

- Send all or the remaining portion of funds to the ODE Office of Budget and School Funding for all dispositions.
- Notify the Secretary of State's Office
- Dissolve Board of Directors/Community School

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 16 – NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES

For fiscal year 2022, the School implemented GASB Statement No. 87, “Leases”. GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School’s fiscal year 2022 financial statements.

The implementation of GASB 87 did not have an effect on net position reported as of June 30, 2021 as capital assets and leases payable were restated for the same amount, which amounted to \$25,714.

Everest High School
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
The School's Proportion of the Net Pension Liability	0.0019458%	0.0019348%	0.0027449%	0.0027708%	0.0011882%	0.0010801%
The School's Proportion Share of the Net Pension Liability	\$ 71,794	\$ 127,972	\$ 164,232	\$ 158,689	\$ 70,992	\$ 79,053
The School's Covered Payroll	\$ 72,857	\$ 75,000	\$ 105,874	\$ 99,719	\$ 57,593	\$ 36,293
The School's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	98.54%	170.63%	155.12%	159.14%	123.27%	217.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%

(1) Information prior to 2016 is not available

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

Everest High School
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
The School's Proportion of the Net Pension Liability	0.001528364%	0.00136793%	0.00112926%	0.00133105%	0.00162533%	0.00141015%
The School's Proportion Share of the Net Pension Liability	\$ 195,415	\$ 330,990	\$ 249,729	\$ 292,668	\$ 386,101	\$ 472,020
The School's Covered Payroll	\$ 212,657	\$ 154,000	\$ 120,386	\$ 131,643	\$ 170,650	\$ 234,150
The School's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	91.89%	214.93%	207.44%	222.32%	226.25%	201.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	70.10%	77.30%	75.30%	66.80%

(1) Information prior to 2016 is not available

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

Everest High School
Required Supplementary Information
Schedule of the School's Pension Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 9,631	\$ 10,200	\$ 10,125	\$ 14,293	\$ 13,462	\$ 8,063	\$ 5,081	\$ 5,851	\$ 5,845	\$ 5,070
Contributions in Relation to the Contractually Required Contribution	<u>(9,631)</u>	<u>(10,200)</u>	<u>(10,125)</u>	<u>(14,293)</u>	<u>(13,462)</u>	<u>(8,063)</u>	<u>(5,081)</u>	<u>(5,851)</u>	<u>(5,845)</u>	<u>(5,070)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The School Covered Payroll	\$ 68,793	\$ 72,857	\$ 75,000	\$ 105,874	\$ 99,719	\$ 57,593	\$ 36,293	\$ 44,393	\$ 42,172	\$ 36,633
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

Everest High School
Required Supplementary Information
Schedule of the School's Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 27,468	\$ 29,772	\$ 21,560	\$ 16,854	\$ 18,430	\$ 23,891	\$ 32,781	\$ 21,146	\$ 16,475	\$ 14,506
Contributions in Relation to the Contractually Required Contribution	<u>(27,468)</u>	<u>(29,772)</u>	<u>(21,560)</u>	<u>(16,854)</u>	<u>(18,430)</u>	<u>(23,891)</u>	<u>(32,781)</u>	<u>(21,146)</u>	<u>(16,475)</u>	<u>(14,506)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The School Covered Payroll	\$ 196,200	\$ 212,657	\$ 154,000	\$ 120,386	\$ 131,643	\$ 170,650	\$ 234,150	\$ 151,043	\$ 126,731	\$ 111,585
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

Everest High School
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
The School's Proportion of the Net OPEB Liability	0.0017649%	0.0018063%	0.0025881%	0.0026880%	0.00111119%	0.0010209%
The School's Proportion Share of the Net OPEB Liability	\$ 33,401	\$ 39,257	\$ 65,084	\$ 74,571	\$ 29,840	\$ 29,099
The School's Covered Payroll	\$ 72,857	\$ 75,000	\$ 105,874	\$ 99,719	\$ 57,593	\$ 36,293
The School's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	45.84%	52.34%	61.47%	74.78%	51.81%	80.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

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

Everest High School
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
The School's Proportion of the Net OPEB Liability	0.001528364%	0.00136793%	0.00112926%	0.00133105%	0.00162533%	0.00162533%
The School's Proportion Share of the Net OPEB Liability/(Asset)	\$ (32,223)	\$ (18,703)	\$ (18,703)	\$ (21,000)	\$ 63,414	\$ 86,923
The School's Covered Payroll	\$ 212,657	\$ 154,000	\$ 120,386	\$ 131,643	\$ 170,650	\$ 234,150
The School's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-15.15%	-12.14%	-15.54%	-15.95%	37.16%	37.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.73%	182.10%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

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

Everest High School
Required Supplementary Information
Schedule of the School's OPEB Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 545	\$ 19	\$ 375	\$ 1,055	\$ 667	\$ -	\$ 676	\$ 1,071	\$ 339	\$ 330
Contributions in Relation to the Contractually Required Contribution	(545)	(19)	(375)	(1,055)	(667)	-	(676)	(1,071)	(339)	(330)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 68,793	\$ 72,857	\$ 75,000	\$ 105,874	\$ 99,719	\$ 57,593	\$ 36,293	\$ 44,393	\$ 42,172	\$ 36,633
Contributions as a Percentage of Covered-Payroll	0.79%	0.03%	0.50%	1.00%	0.67%	0.00%	1.86%	2.41%	0.80%	0.90%

Everest High School
 Required Supplementary Information
 Schedule of the School's OPEB Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,267	\$ 1,116
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	(1,267)	(1,116)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The School Covered Payroll	\$ 196,200	\$ 212,657	\$ 154,000	\$ 120,386	\$ 131,643	\$ 170,650	\$ 234,150	\$ 151,043	\$ 126,731	\$ 111,585
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Note 1 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2022: The following was the most significant change in benefit that affected the total pension liability since the prior measurement date. The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

2020-2021: There were no changes to the benefit terms.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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

Changes in Assumptions:

2022: the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll Growth Assumption was reduced from 3.50 percent to 3.25 percent
- Assumed real wage growth was increased from 0.50 percent to 0.85 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent.
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020.
- Mortality among service retired members was updated to the following:
PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among disabled members was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) 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,
- (7) 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
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2022: There were no changes in benefit terms from the amounts reported for this fiscal year.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

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

Changes in Assumptions:

2022: The investment return rate was decreased from 7.45% to 7.00%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Note 2 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

- 2022: -This discount rate changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- The investment rate of return was reduced from 7.50%
- Payroll Growth Assumption was reduced from 3.50% to 3.25%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 year and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.
- Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
- Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.13%
 - Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.62%
 - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

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

- (1) Discount Rate:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
 - Fiscal Year 2018 3.56%
 - Fiscal Year 2017 2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) 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.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

2021: The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 Medicare plan. The Medicare Plan B monthly reimbursement elimination date was postponed to January 1, 2021.

2020: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**EVEREST HIGH SCHOOL
FRANKLIN COUNTY, OHIO**

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Changes in Assumptions:

2022: The investment rate of return decreased from 7.45 percent to 7.00 percent. The blended discount rate was also decreased from 7.45 percent to 7.00 percent. Health care cost trend rates changed from (6.69) percent to -16.18 percent initially and a 4.00 percent ultimate rate for Medical Medicare and from 11.87 percent to 29.98 percent initial, 4 percent ultimate for Prescription Drug Medicare.

2021: Health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

2020: Health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

2019: The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

2018: The blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Everest High School
1555 Graham Rd
Reynoldsburg, Ohio 43068

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Everest High School, Franklin County, Ohio (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated May 1, 2023, wherein we noted that the School closed at the completion of school year 2022. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School, assuming the School continues as a going concern.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Everest High School

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

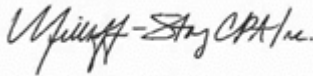
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

School's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

May 1, 2023

Everest High School
Franklin County
Schedule of Findings and Responses
For the Year Ended June 30, 2022

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

Finding Number 2022-001

Material Weakness – Financial Reporting

A monitoring system by the School should be in place to prevent or detect misstatements for the accurate presentation of the financial statements and note disclosures. We noted that the School did not properly implement Government Accounting Standards Board (GASB) Statement No. 87. The School's financial statements required an adjustment and the School's note disclosures did not contain the necessary updates to comply with GASB Statement No. 87. The misstatement was corrected within the financial statements. Corrections were made to the note disclosures for compliance with GASB Statement No. 87 and for the fair presentation of various disclosures.

We recommend the School implement additional monitoring procedures and work with its outside consultant to ensure that new accounting pronouncements are properly implemented, and that note disclosures are fairly presented.

School Response:

Everest High School recognizes that GASB 87 was not implemented as required. The issue has been communicated to the GAAP compiler and documentation was provided to make the necessary changes. As Everest High School is now closed, there will be no subsequent financial statements for the organization.

OHIO AUDITOR OF STATE KEITH FABER



EVEREST HIGH 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 6/20/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov