



OHIO AUDITOR OF STATE
KEITH FABER



**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY
JUNE 30, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Basic Financial Statements	15
Required Supplementary Information:	
Schedule of the School's Proportionate Share of the Net Pension Liability - School Employees Retirement System of Ohio – Last Nine Fiscal Years	46
Schedule of the School's Proportionate Share of the Net OPEB Liability - School Employees Retirement System of Ohio – Last Six Fiscal Years	48
Schedule of the School's Proportionate Share of the Net Pension Liability - State Teachers Retirement System of Ohio – Last Nine Fiscal Years	50
Schedule of the School's Proportionate Share of the Net OPEB Liability (Asset) - State Teachers Retirement System of Ohio – Last Six Fiscal Years	52
Schedule of the School's Contributions – School Employees Retirement System of Ohio – Last Ten Fiscal Years	54
Schedule of the School's Contributions – State Teachers Retirement System of Ohio – Last Ten Fiscal Years	56
Notes to Required Supplementary Information	59
Schedule of Expenditures of Federal Awards	65
Notes to the Schedule of Expenditures of Federal Awards	66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	67
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	69
Schedule of Findings	73

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

Report of the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Sciotoville Community School, Scioto County, Ohio (the Community School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Community 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 the Sciotoville Community School, Scioto County, Ohio, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Community 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 3 to the financial statements, for fiscal year 2022, the Community School modified its approach related to eligibility requirements of certain Community School grants resulting in the restatement to net position at July 1, 2021. Also, as discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Community School. 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 Community School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Community 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 Community School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Community School's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023, on our consideration of the Community School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Community School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community School's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
January 17, 2023

This page intentionally left blank.

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of the Sciotoville Community School's (the "School") financial performance provides an overall review 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

The School's net position increased \$718,560 from the prior fiscal year.

The most significant changes from the prior fiscal year are due to the State-wide pension systems' changes in assumptions and benefit terms.

Using this Financial Report

This report consists of four parts, Management's Discussion and Analysis (MD&A), the basic financial statements, notes to those statements, and the 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 and the Statement of Revenues, Expenses and Changes in Net Position answer the question, "How did we do financially during fiscal year 2022?" These statements are prepared using the economic measurement focus. With this measurement focus, all assets and deferred outflows of resources and liabilities and deferred inflows of resources are reported, both short and long-term. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the fiscal year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net position for fiscal year 2022 and fiscal year 2021:

SCIOTOVILLE COMMUNITY SCHOOL

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

(Table 1)
Net Position

	2022	Restated 2021	Increase/ (Decrease)
Assets:			
Current Assets	\$969,948	\$891,017	\$78,931
Net OPEB Asset	\$282,640	\$227,649	54,991
Land	378,902	378,902	0
Construction in Progress	86,788	0	86,788
Depreciable Capital Assets, Net	2,210,604	2,270,083	(59,479)
<i>Total Assets</i>	<u>3,928,882</u>	<u>3,767,651</u>	<u>161,231</u>
Deferred Outflows of Resources:			
Pension	1,079,877	1,014,183	65,694
OPEB	164,547	207,289	(42,742)
<i>Total Deferred Outflows of Resources</i>	<u>1,244,424</u>	<u>1,221,472</u>	<u>22,952</u>
Liabilities:			
Current Liabilities	548,556	554,250	(5,694)
Non-Current Liabilities:			
Compensated Absences Payable	75,175	76,826	(1,651)
Lease Payable	4,431	6,963	(2,532)
Net Pension Liability	2,528,950	4,671,769	(2,142,819)
Net OPEB Liability	434,785	524,079	(89,294)
<i>Total Liabilities</i>	<u>3,591,897</u>	<u>5,833,887</u>	<u>(2,241,990)</u>
Deferred Inflows of Resources:			
Pension	2,255,731	604,173	1,651,558
OPEB	663,212	609,790	53,422
Leases	2,633	0	2,633
<i>Total Deferred Inflows of Resources</i>	<u>2,921,576</u>	<u>1,213,963</u>	<u>1,707,613</u>
Net Position:			
Net Investment in Capital Assets	2,657,736	2,639,490	18,246
Restricted for Other Purposes	142,477	49,001	93,476
Unrestricted (Deficit)	(4,140,380)	(4,747,218)	606,838
<i>Total Net Position (Deficit)</i>	<u>(\$1,340,167)</u>	<u>(\$2,058,727)</u>	<u>\$718,560</u>

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2022. 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

SCIOTOVILLE COMMUNITY SCHOOL

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

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.

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.

Total assets increased \$161,231 and is mainly due to an increase in cash and cash equivalents, construction in progress, and the increase in net OPEB asset.

Total liabilities decreased \$2,241,990 due to the State-wide pension systems' changes in assumptions and benefit terms.

Total deferred inflows increased \$1,707,613 mainly due to the difference between projected and actual earnings on pension plan investments.

Total net position increased \$718,560 mainly due to the changes to the State-wide pension system's assumptions and benefit terms.

Table 2 shows the changes in net position for fiscal year 2022 and fiscal year 2021, as well as a listing of revenues and expenses.

SCIOTOVILLE COMMUNITY SCHOOL

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

(Table 2)

Change in Net Position

	2022	Restated 2021	Increase/ (Decrease)
Operating Revenues:			
Extracurricular and Lunchroom Sales	\$14,069	\$4,441	\$9,628
Foundation Payments	3,375,417	3,107,717	267,700
Lease Revenue	3,819	0	3,819
Other Revenues	64,692	63,806	886
Non-Operating Revenues :			
Federal Donated Commodities	6,696	3,586	3,110
Federal and State Meal Subsidies	490,176	169,119	321,057
Other Federal and State Grants	1,257,560	1,755,943	(498,383)
Other Grants	625	0	625
Other Non-Operating Revenues	5,911	2,439	3,472
Lease Receivable Interest	189	0	189
<i>Total Revenues</i>	<u>5,219,154</u>	<u>5,107,051</u>	<u>112,103</u>
Operating Expenses:			
Salaries	2,642,542	2,555,271	87,271
Fringe Benefits	268,460	990,386	(721,926)
Purchased Services	805,506	607,003	198,503
Materials and Supplies	577,045	240,314	336,731
Cost of Sales	5,757	7,172	(1,415)
Depreciation	139,023	137,998	1,025
Other Expenses	62,261	47,399	14,862
<i>Total Expenses</i>	<u>4,500,594</u>	<u>4,585,543</u>	<u>(84,949)</u>
Change in Net Position	718,560	521,508	197,052
<i>Net Position (Deficit) at Beginning of Year - Restated</i>	<u>(2,058,727)</u>	<u>(2,580,235)</u>	<u>521,508</u>
<i>Net Position (Deficit) at End of Year</i>	<u><u>(\$1,340,167)</u></u>	<u><u>(\$2,058,727)</u></u>	<u><u>\$718,560</u></u>

Overall, revenues increased \$112,103 primarily due to the changes in the State foundation funding formula.

There was a decrease in total expenses of \$84,949 mainly due to the State-wide pension systems' changes in assumptions and benefit terms.

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Capital Assets

At the end of fiscal year 2022, the School had \$2,676,294 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles, which represent an increase of \$27,309 from fiscal year 2021. The increase was primarily due to additions exceeding deletions and depreciation during the fiscal year.

For more information on capital assets see Note 6 to the basic financial statements.

Debt

In fiscal year 2022, the School has a lease payable for copiers in the amount of \$6,963. The School's long-term obligations also include compensated absences.

For further information regarding the School's long-term obligations, refer to Note 11 to the basic financial statements.

Current Issues

The School is in the planning, design and pre-construction stages for an elementary classroom, bathroom, cafetorium, and kitchen project (the "Project"). The Governing Board will be using approved ESSER and American Rescue Plan Act ESSER funds for the estimated \$2.8 million project. On December 15, 2021, the Governing Board approved a contract with Tanner, Stone, Holsinger, Donges, and Co. Architects to provide design and related construction administration services for work on the Project in an amount not to exceed \$171,600 plus reimbursement expenses not to exceed \$15,000. On March 10, 2022 the Governing Board selected WAI Construction Group, LLC to serve as the Construction Manager on the Project.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the School by calling (740) 776-6777 or by writing to the Sciotoville Community School, 224 Marshall Street, Sciotoville, Ohio 45662.

This page intentionally left blank.

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Net Position

June 30, 2022

Assets:

Current Assets:

Cash and Cash Equivalents	\$799,705
Accounts Receivable	2,920
Intergovernmental Receivables	147,509
Lease Receivable	2,633
Inventory Held for Resale	3,682
Materials and Supplies Inventory	4,996
Prepaid Items	8,503
Net OPEB Asset	282,640
<i>Total Current Assets</i>	<u>1,252,588</u>

Non-Current Assets:

Capital Assets:	
Land	378,902
Construction in Progress	86,788
Depreciable Capital Assets, Net	2,210,604
<i>Total Non-Current Assets</i>	<u>2,676,294</u>

Total Assets 3,928,882

Deferred Outflows of Resources:

Pension	1,079,877
OPEB	164,547
<i>Total Deferred Outflows of Resources</i>	<u>1,244,424</u>

Liabilities:

Current Liabilities:

Accounts Payable	21,264
Contracts Payable	11,595
Accrued Wages and Benefits Payable	449,101
Intergovernmental Payable	46,283
Compensated Absences Payable	17,781
Lease Payable	2,532
<i>Total Current Liabilities</i>	<u>548,556</u>

Non-Current Liabilities:

Compensated Absences Payable	75,175
Lease Payable	4,431
Due In More Than One Year	
Net Pension Liability	2,528,950
Net OPEB Liability	434,785
<i>Total Non-Current Liabilities</i>	<u>3,043,341</u>

Total Liabilities 3,591,897

Deferred Inflows of Resources:

Pension	2,255,731
OPEB	663,212
Lease	2,633
<i>Total Non-Current Liabilities</i>	<u>2,921,576</u>

Net Position:

Net Investment in Capital Assets	2,657,736
Restricted for:	
State and Federal Grants	142,477
Unrestricted (Deficit)	<u>(4,140,380)</u>
<i>Total Net Position (Deficit)</i>	<u><u>(\$1,340,167)</u></u>

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2022

Operating Revenues:	
Extracurricular and Lunchroom Sales	\$14,069
Foundation Payments	3,375,417
Lease Revenue	3,819
Other Revenues	64,692
	<hr/>
<i>Total Operating Revenues</i>	<i>3,457,997</i>
	<hr/>
Operating Expenses:	
Salaries	2,642,542
Fringe Benefits	268,460
Purchased Services	805,506
Materials and Supplies	577,045
Cost of Sales	5,757
Depreciation	139,023
Other Expenses	62,261
	<hr/>
<i>Total Operating Expenses</i>	<i>4,500,594</i>
	<hr/>
<i>Operating Loss</i>	<i>(1,042,597)</i>
	<hr/>
Non-Operating Revenues:	
Federal Donated Commodities	6,696
Federal and State Meal Subsidies	490,176
Other Federal and State Grants	1,257,560
Other Grants	625
Other Non-Operating Revenues	5,911
Lease Receivable Interest	189
	<hr/>
<i>Total Non-Operating Revenues</i>	<i>1,761,157</i>
	<hr/>
<i>Change in Net Position</i>	<i>718,560</i>
	<hr/>
<i>Net Position (Deficit) at Beginning of Year - Restated</i>	<i>(2,058,727)</i>
	<hr/>
<i>Net Position (Deficit) at End of Year</i>	<i>(\$1,340,167)</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL
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 Customers	\$13,096
Cash Received from Leases	3,819
Cash Received from Others	62,772
Cash Received from Foundation Payments	3,375,417
Cash Payments to Suppliers for Goods and Services	(1,347,132)
Cash Payments to Employees for Services	(2,643,563)
Cash Payments for Employee Benefits	(885,153)
Cash Payments to Others	<u>(58,237)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(1,478,981)</u>
Cash Flows from Noncapital Financing Activities:	
Other Non-Operating Revenues	5,928
Federal and State Subsidies Received	468,826
Other Federal and State Grants Received	<u>1,266,285</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,741,039</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(166,332)
Principal paid on Lease Payable	<u>(2,532)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(168,864)</u>
Cash Flows from Investing Activities:	
Interest on Lease Revenue	<u>189</u>
<i>Change in Cash and Cash Equivalents</i>	93,383
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>706,322</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$799,705</u>
	<u>(continued)</u>

SCIOTOVILLE COMMUNITY SCHOOL
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022
(continued)

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:
Operating Loss (\$1,042,597)

**Adjustments to Reconcile Operating
Loss to Net Cash Used for Operating Activities:**

Depreciation 139,023
Donated Commodities Received During the Year 6,696

(Increase) Decrease in Assets:

Net OPEB Asset 63,047
Deferred Outflows Pension 575,089
Deferred Outflows OPEB 48,949
Increase in Accounts Receivable (2,893)
Intergovernmental Receivable 17,145
Prepaid Items 21,063
Inventory Held for Resale (939)
Materials and Supplies Inventory (4,058)

Increase (Decrease) in Liabilities:

Accounts Payable (5,101)
Contracts Payable 11,595
Accrued Wages and Benefits Payable (8,357)
Intergovernmental Payable 2,164
Net Pension Liability (34,511)
Net OPEB Liability 29,012
Deferred Inflows Pension (1,097,533)
Deferred Inflows OPEB (189,129)
Compensated Absences Payable (7,646)

Total Adjustments (436,384)

Net Cash Used for Operating Activities (\$1,478,981)

Non-Cash Transactions:

During fiscal year 2022, the School received \$6,696 in donated commodities.

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Sciotoville Community School (the “School”) is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through 12. The School, which is part of the State’s education program, is independent of any Community School and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. Sciotoville Community School qualifies as an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School’s tax exempt status.

On May 10, 2021, the Board of Directors signed a contract with the school’s sponsor Thomas B. Fordham Institute effective July 1, 2021, through June 30, 2022. The Board of Directors signed a three year sponsorship contract with Thomas B. Fordham on May 19, 2022, for fiscal years 2023, 2024 and 2025. 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.

The School operates under the direction of a five-member Board of Directors. The Board members are elected at-large by the citizens of the community for staggered four-year terms. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School’s support facilities staffed by certified and classified full-time personnel who provide services to students.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the Sciotoville Community School, this includes general operations, food service, and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization’s governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization’s resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School. The Sciotoville Elementary Academy (the “Academy”), which began operations July 1, 2008, and ended operations on July 1, 2017, was governed by the same Governing Board as the

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

Sciotoville Community School. Since the Sciotoville Elementary has closed, the School no longer has a component unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

During the fiscal year, the School segregates transactions related to certain School functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For financial reporting, the School uses a single enterprise fund presentation.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The accounting and financial reporting treatment of the School's financial transactions is determined by the School's measurement focus. Enterprise fund accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and 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 total net position. The Statement of Cash Flows provides information about how the School finances and meets its cash flow needs.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made. The School's financial statements are prepared using the accrual basis of accounting.

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

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses are recognized at the time they are incurred.

Cash and Cash Equivalents

The School's Fiscal Manager accounts for all monies received by the School. The School maintains a non-interest bearing depository account and all funds of the School are maintained in this account. This account is presented on the Statement of Net Position as "Cash and Cash Equivalents". For purposes of the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents.

During fiscal year 2022, the School invested in STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 8 and 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School, deferred inflows of resources included pension, OPEB, and leases. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 8 and 9).

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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 not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of \$1,000 for all capital assets. 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 capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Improvements	15 - 50 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	5 - 10 years

The School is reporting an intangible right to use asset related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it- is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for employees with at least five years of current service for all positions (including certified and non-certified staff).

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net Position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. 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.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. These revenues consist of certain intergovernmental revenues, lease revenues, interest revenues and sales for food service. 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.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

Intergovernmental Revenues

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

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Estimates

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For fiscal year 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

The School is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92 – *Omnibus 2020*, and GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School modified its approach related to the eligibility requirements of certain School grants resulting in the following restatements to fund balance/net position at July 1, 2021:

	Governmental
	<u>Activities</u>
Net Position, June 30, 2021	(\$1,799,570)
Adjustments:	
Reimbursable Grants	<u>(259,157)</u>
Restated Net Position, June 30, 2021	<u><u>(\$2,058,727)</u></u>

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS

At June 30, 2022, the carrying amount of all Sciotoville Community Schools deposits was \$558,937 and the bank balance was \$603,486.

Protection of the School's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments are reported at fair value. As of June 30, 2022, the School had the following investments:

<u>Measurement/ Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>	<u>Percent of Total Investments</u>
Net Asset Value per Share (Level 1):				
STAROhio	\$240,768	35.3 Days	AAAm	N/A

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. The above chart identifies the School's recurring fair value measurements as of June 30, 2022. The School's investments measured at fair value are valued using quoted market prices (level 1 inputs).

NOTE 5 - RECEIVABLES

Receivables at June 30, 2022, consist of intergovernmental grants and lease receivable. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivable amounts, except for leases, are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
21st Century Grant	\$15,355
Idea B Grant	15,538
Title I Grant	51,010
Elementary and Secondary School Emergency Relief Grant	63,097
Food Service	2,509
Total Intergovernmental Receivables	<u><u>\$147,509</u></u>

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

Lease Receivable

The School is reporting leases receivable of \$2,633 at June 30, 2022. This amount represent the discounted future lease payments. This discount is being amortized using the interest method. For 2022, the School reported lease revenue of \$3,819 and interest revenue of \$189 related to lease payments received. A description of the School's leasing arrangements is as follows:

	Lease Commencement Date	Years	Lease Ending Date	Payment Method
Dairy Bar - Building Lease	2021	2	2023	Monthly

A summary of future payments to be received is as follows:

Year	Governmental Activities Principal	Interest
2023	\$2,633	\$40

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Capital Assets Not Being Depreciated:				
Land	\$378,902	\$0	\$0	\$378,902
Construction in Progress	0	86,788	0	86,788
Total Capital Assets				
Not Being Depreciated	378,902	86,788	0	465,690
Capital Assets Being Depreciated:				
Land Improvements	254,376	7,670	0	262,046
Buildings and Improvements	2,755,873	18,620	0	2,774,493
Furniture, Fixtures and Equipment	676,520	46,168	0	722,688
Intangible Right to Use - Equipment*	13,293	0	0	13,293
Vehicles	82,950	7,086	0	90,036
Total Capital Assets				
Being Depreciated	3,783,012	79,544	0	3,862,556
Less Accumulated Depreciation:				
Land Improvements	(140,585)	(11,917)	0	(152,502)
Buildings and Improvements	(1,010,194)	(59,725)	0	(1,069,919)
Furniture, Fixtures and Equipment	(311,172)	(57,372)	0	(368,544)
Intangible Right to Use - Equipment*	(1,073)	(2,392)	0	(3,465)
Vehicles	(49,905)	(7,617)	0	(57,522)
Total Accumulated Depreciation	(1,512,929)	(139,023)	0	(1,651,952)
Total Capital Assets				
Being Depreciated, Net	2,270,083	(59,479)	0	2,210,604
Total Capital Assets, Net	\$2,648,985	\$27,309	\$0	\$2,676,294

* Of the current year depreciation total of \$139,023, \$2,392 is presented as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Position related to the School's intangible asset of copiers, which is included as an Intangible Right to Use. With the

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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 - RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School contracted with Schools Of Ohio Risk Sharing Authority for general liability, property insurance, and educational errors and omissions insurance.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the annual total gross payroll by a factor that is calculated by the State. The Governing Board has chosen Sedgwick to act as the managed care organization and participates in the Sedgwick Claims Management Services Group Retrospective Rating Workers Compensation Program.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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

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

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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:

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School’s contractually required contribution to SERS was \$117,910 for fiscal year 2022. Of this amount, \$2,135 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, 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 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

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 2022 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 \$237,479 for fiscal year 2022. Of this amount, \$23,963 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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:			
Current Measurement Date	0.02208740%	0.01340531%	
Prior Measurement Date	0.02324710%	0.01295297%	
Change in Proportionate Share	<u>-0.00115970%</u>	<u>0.00045234%</u>	
Proportionate Share of the Net			
Pension Liability	\$814,962	\$1,713,988	\$2,528,950
Pension Expense	(\$44,862)	(\$156,704)	(\$201,566)

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	\$79	\$52,954	\$53,033
Changes of assumptions	17,161	475,491	492,652
Changes in proportionate share and difference between School contributions and proportionate share of contributions	0	178,803	178,803
School contributions subsequent to the measurement date	117,910	237,479	355,389
Total Deferred Outflows of Resources	<u>\$135,150</u>	<u>\$944,727</u>	<u>\$1,079,877</u>

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

Deferred Inflows of Resources:

Differences between expected and actual experience	\$21,135	\$10,744	\$31,879
Net difference between projected and actual earnings on pension plan investments	419,729	1,477,131	1,896,860
Changes in proportionate share and difference between School contributions and proportionate share of contributions	<u>58,375</u>	<u>268,617</u>	<u>326,992</u>
Total Deferred Inflows of Resources	<u>\$499,239</u>	<u>\$1,756,492</u>	<u>\$2,255,731</u>

\$355,389 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$145,360)	(\$292,285)	(\$437,645)
2024	(108,012)	(238,674)	(346,686)
2025	(99,795)	(239,967)	(339,762)
2026	<u>(128,832)</u>	<u>(278,318)</u>	<u>(407,150)</u>
Total	<u>(\$481,999)</u>	<u>(\$1,049,244)</u>	<u>(\$1,531,243)</u>

Actuarial Assumptions – SERS

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

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

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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

	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.

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 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 earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$1,355,895	\$814,962	\$358,768

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
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 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$3,209,660	\$1,713,988	\$450,015

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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 9 – DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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, no allocation was made to health care. An additional health care surcharge on employers is

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. 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's surcharge obligation was \$15,090.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$15,090 for fiscal year 2022, all of which is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02297310%	0.01340531%	
Prior Measurement Date	<u>0.02411410%</u>	<u>0.01295297%</u>	
Change in Proportionate Share	<u>-0.00114100%</u>	<u>0.00045234%</u>	
 Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$282,640)	(\$282,640)
Net OPEB Liability	\$434,785	\$0	\$434,785
OPEB Expense	\$1,916	(\$34,947)	(\$33,031)

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	\$4,635	\$10,064	\$14,699
Changes of assumptions	68,207	18,054	86,261
Changes in proportionate share and difference between School contributions and proportionate share of contributions	48,269	228	48,497
School contributions subsequent to the measurement date	<u>15,090</u>	<u>0</u>	<u>15,090</u>
Total Deferred Outflows of Resources	<u>\$136,201</u>	<u>\$28,346</u>	<u>\$164,547</u>
 Deferred Inflows of Resources:			
Differences between expected and actual experience	\$216,542	\$51,785	\$268,327
Changes of assumptions	59,540	168,616	228,156
Net difference between projected and actual earnings on pension plan investments	9,446	78,343	87,789
Changes in proportionate share and difference between School contributions and proportionate share of contributions	<u>44,339</u>	<u>34,601</u>	<u>78,940</u>
Total Deferred Inflows of Resources	<u>\$329,867</u>	<u>\$333,345</u>	<u>\$663,212</u>

\$15,090 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$42,361)	(\$92,406)	(\$134,767)
2024	(42,427)	(90,446)	(132,873)
2025	(43,859)	(77,733)	(121,592)
2026	(43,578)	(33,439)	(77,017)
2027	(27,492)	(11,270)	(38,762)
Thereafter	<u>(9,039)</u>	<u>295</u>	<u>(8,744)</u>
Total	<u>(\$208,756)</u>	<u>(\$304,999)</u>	<u>(\$513,755)</u>

Actuarial Assumptions – SERS

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

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

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:

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

	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

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

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 contribution rate of 1.50 percent of projected covered 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 the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

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

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1 % Increase (3.27%)
School's proportionate share of the net OPEB liability	\$538,571	\$434,785	\$351,729

	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	\$334,749	\$434,785	\$568,402

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:

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements For The Fiscal Year Ended June 30, 2022

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

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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

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 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

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.

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1 % Increase</u> <u>(8.00%)</u>
School's proportionate share of the net OPEB asset	(\$238,504)	(\$282,640)	(\$319,509)

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB asset	(\$318,015)	(\$282,640)	(\$238,896)

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 10 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation benefits are derived from policies and procedures approved by the Board of Directors. Non-certified employees earn 10 to 20 days of vacation per fiscal year, depending upon their length of service. Accumulated unused vacation time is paid to non-certified employees upon termination of employment up to a maximum payment of 40 days. Teachers do not earn vacation.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for those employees with five years of continuous service and who apply and qualify for retirement under SERS or STRS Ohio.

Insurance Benefits

The School is part of Scioto Health Plan, SE Division of OHI which provides insurance benefits (medical through Anthem, prescription through Express Scripts and dental through Delta Dental) for eligible employees. The School also provides vision benefits through Vision Service Plan. Life insurance is provided through American SHP-MMO.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

Deferred Compensation

School employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 11 - LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2022 were as follows:

<u>Long-Term Obligations</u>	<u>Amount Outstanding 6/30/2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/2022</u>	<u>Current Portion</u>
Net Pension Liability:					
STRS	\$3,134,157	\$0	\$1,420,169	\$1,713,988	\$0
SERS	1,537,612	0	722,650	814,962	0
Total Net Pension Liability	4,671,769	0	2,142,819	2,528,950	0
Net OPEB Liability:					
SERS	524,079	0	89,294	434,785	0
Other Liabilities:					
Lease Payable	9,495	0	2,532	6,963	2,532
Compensated Absences	100,602	58,196	65,842	92,956	17,781
Total Other Liabilities	110,097	58,196	68,374	99,919	20,313
Total Long-Term Obligations	\$5,305,945	\$58,196	\$2,300,487	\$3,063,654	\$20,313

Lease Payable

The School has an outstanding agreement to lease copiers. Due to the implementation of GASB Statement 87, this existing prior year capital lease has met the criteria of leases thus requiring them to be recorded by the School. A summary of the principal amounts for the remaining lease is as follows:

	<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
	2023	\$2,532
	2024	2,532
	2025	1,899
Total		<u>\$6,963</u>

The School pays obligations relating to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General Fund. For additional information related to the net pension/OPEB liability see Notes 8 and Note 9.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 12 - CONTINGENCIES

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 of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

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

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

As of the date of this report, additional ODE adjustments for fiscal year 2022 were finalized. As a result, the School had an additional receivable of \$35.

In addition, the School's contracts with the Thomas B. Fordham Institute and META require payment based on revenues received from the State. The impact on the fiscal year 2022 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

Litigation

The School is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2022

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META)

The School is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META's Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each school's degree of control is limited to its representation on the Board. The School paid META \$50,833 for services provided during the fiscal year. Financial information can be obtained from META Solutions, Ashley Widby, CFO, 100 Executive Drive, Marion Ohio 43302.

NOTE 14 – PUBLIC ENTITY SHARED RISK POOL

Optimal Health Initiatives Consortium

The School is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of Community Schools whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economies of scale to create cost-savings. The Council's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan.

The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Todd Rosenbaum CPA, MCM, CPAs & Advisors, 201 East 5th Street, Suite 2100, Cincinnati, Ohio 45202.

NOTE 15 – FINANCIAL SERVICES

On June 24, 2021, the Board of Directors approved an agreement with the South Central Ohio Educational Service Center to provide full financial services for fiscal year 2022. The agreement stipulated that the Educational Service Center was responsible to fully initiate and conduct all requirements of the Treasurer's office. These services were provided at a cost of \$73,545 for fiscal year 2022.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 16 – 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 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.

NOTE 17 – CONTRACTUAL COMMITMENTS

The School is in the planning, design and pre-construction stages for an elementary classroom, bathroom, cafetorium, and kitchen project (the “Project”). The Governing Board will be using approved ESSER and American Rescue Plan Act ESSER funds for the estimated \$2.8 million project. On December 15, 2021, the Governing Board approved a contract with Tanner, Stone, Holsinger, Donges, and Co. Architects to provide design and related construction administration services for work on the Project in an amount not to exceed \$171,600 plus reimbursement expenses not to exceed \$15,000. On March 10, 2022 the Governing Board selected WAI Construction Group, LLC to serve as the Construction Manager on the Project.

This page intentionally left blank.

SCIOTOVILLE COMMUNITY SCHOOL
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School's Proportion of the Net Pension Liability	0.02208740%	0.02324710%	0.02423650%	0.02188700%
School's Proportionate Share of the Net Pension Liability	\$814,962	\$1,537,612	\$1,450,111	\$1,253,551
School's Covered Payroll	\$789,957	\$787,436	\$756,696	\$727,030
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	103.17%	195.27%	191.64%	172.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.02087020%	0.01959440%	0.01796770%	0.01640900%	0.01640900%
\$1,246,948	\$1,434,129	\$1,025,254	\$830,450	\$975,791
\$680,114	\$603,693	\$557,886	\$470,476	\$536,922
183.34%	237.56%	183.77%	176.51%	181.74%
69.50%	62.98%	69.16%	71.70%	65.52%

SCIOTOVILLE COMMUNITY 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)

	2022	2021	2020	2019
School's Proportion of the Net OPEB Liability	0.02297310%	0.02411410%	0.02472530%	0.02215060%
School's Proportionate Share of the Net OPEB Liability	\$434,785	\$524,079	\$621,790	\$614,518
School's Covered Payroll	\$789,957	\$787,436	\$756,696	\$727,030
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	55.04%	66.56%	82.17%	84.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>
0.02118820%	0.01988310%
\$568,635	\$566,742
\$680,114	\$603,693
83.61%	93.88%
12.46%	11.49%

SCIOTOVILLE COMMUNITY SCHOOL
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School's Proportion of the Net Pension Liability	0.01340531%	0.01295297%	0.01372232%	0.01417028%
School's Proportionate Share of the Net Pension Liability	\$1,713,988	\$3,134,157	\$3,034,608	\$3,115,725
School's Covered Payroll	\$1,539,043	\$1,564,036	\$1,696,971	\$1,775,536
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	111.37%	200.39%	178.82%	175.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.30%	77.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.01467454%	0.01617976%	0.01727294%	0.17589400%	0.01758940%
\$3,485,967	\$5,415,853	\$4,773,738	\$4,278,352	\$5,096,344
\$1,345,315	\$1,784,043	\$1,810,100	\$1,852,477	\$1,805,277
259.12%	303.57%	263.73%	230.95%	282.30%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2022	2021	2020	2019
School's Proportion of the Net OPEB Liability (Asset)	0.01340531%	0.01295297%	0.01372232%	0.01417028%
School's Proportionate Share of the Net OPEB Liability (Asset)	(\$282,640)	(\$227,649)	(\$227,275)	(\$227,702)
School's Covered Payroll	\$1,539,043	\$1,564,036	\$1,696,971	\$1,775,536
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	(18.36%)	(14.56%)	(13.39%)	(12.82%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>
0.01467454%	0.01617976%
\$572,547	\$865,298
\$1,345,315	\$1,784,043
42.56%	48.50%
47.10%	37.30%

SCIOTOVILLE COMMUNITY SCHOOL
Required Supplementary Information
Schedule of the School's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$117,910	\$110,594	\$110,241	\$102,154
Contributions in Relation to the Contractually Required Contribution	<u>(117,910)</u>	<u>(110,594)</u>	<u>(110,241)</u>	<u>(102,154)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School Covered Payroll (1)	\$842,214	\$789,957	\$787,436	\$756,696
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	15,090	15,673	15,447	18,348
Contributions in Relation to the Contractually Required Contribution	<u>(15,090)</u>	<u>(15,673)</u>	<u>(15,447)</u>	<u>(18,348)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.79%</u>	<u>1.98%</u>	<u>1.96%</u>	<u>2.42%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.79%</u>	<u>15.98%</u>	<u>15.96%</u>	<u>15.92%</u>

(1) The Community School's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$98,149	\$95,216	\$84,517	\$73,529	\$65,208	\$74,310
(98,149)	(95,216)	(84,517)	(73,529)	(65,208)	(74,310)
\$0	\$0	\$0	\$0	\$0	\$0
\$727,030	\$680,114	\$603,693	\$557,886	\$470,476	\$536,922
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
15,259	11,593	10,174	14,174	9,064	10,231
(15,259)	(11,593)	(10,174)	(14,174)	(9,064)	(10,231)
\$0	\$0	\$0	\$0	\$0	\$0
2.10%	1.70%	1.69%	2.54%	1.93%	1.91%
15.60%	15.70%	15.69%	15.72%	15.79%	15.75%

SCIOTOVILLE COMMUNITY SCHOOL
Required Supplementary Information
Schedule of the School's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$237,479	\$215,466	\$218,965	\$237,576
Contributions in Relation to the Contractually Required Contribution	<u>(237,479)</u>	<u>(215,466)</u>	<u>(218,965)</u>	<u>(237,576)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School Covered Payroll	\$1,696,279	\$1,539,043	\$1,564,036	\$1,696,971
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$248,575	\$188,344	\$249,766	\$253,414	\$240,822	\$234,686
(248,575)	(188,344)	(249,766)	(253,414)	(240,822)	(234,686)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,775,536	\$1,345,315	\$1,784,043	\$1,810,100	\$1,852,477	\$1,805,277
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
\$0	\$0	\$0	\$0	\$18,525	\$18,053
0	0	0	0	(18,525)	(18,053)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

This page intentionally left blank.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

In fiscal year 2022, the discount rate was changed from 7.5% to 7.0%.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates 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.

Amounts reported for 2017 through 2021 use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

In fiscal year 2022, the discount rate was changed from 7.45% to 7.0%.

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 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	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

NET OPEB LIABILITY

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

	2022	2021 and Prior
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
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

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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.

In fiscal year 2022, the discount rate was changed from 2.63% to 2.27%.

In fiscal year 2021, the discount rate was changed from 3.22% to 2.63%.

In fiscal year 2020, the discount rate was changed from 3.70% to 3.22%.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

In fiscal year 2019, the discount rate was changed from 3.63% to 3.70%. The health care trend rates were also updated.

In fiscal year 2018, the discount rate was change from 2.98% to 3.63%.

In fiscal year 2017, the following assumptions were changed:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - o 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:
 - o RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - o 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.

Changes in Assumptions – STRS

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2022, the following changes in assumptions occurred:

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

	2022	2021
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Health Care Cost Trends		
Medical		
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

Changes in Benefit Terms – STRS OPEB

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

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. 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.

This page intentionally left blank.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Grant Year	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2021-2022	\$ 0	\$ 6,696
Cash Assistance:				
School Breakfast Program	10.553	2021-2022	0	50,752
National School Lunch Program	10.555	2021-2022	0	166,003
National School Lunch Program - COVID 19		2021-2022	0	20,485
Fresh Fruit and Vegetable Program	10.582	2021-2022	0	25,375
Total Child Nutrition Cluster			0	269,311
Pandemic EBT Administrative Costs - COVID-19	10.649	2021-2022	0	496
Total U.S. Department of Agriculture			0	269,807
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010A	2021 2022	0 0	42,609 311,388
Total Title I Grants to Local Educational Agencies			0	353,997
Special Education Cluster:				
Special Education Grants to States	84.027A	2021 2022	0 0	16,675 95,994
COVID-19 Special Education Grants to States	84.027X	2022	0	3,511
Total Special Education Grants to States			0	116,180
Special Education Preschool Grants	84.173A	2022	0	507
Total Special Education Cluster			0	116,687
Supporting Effective Instruction State Grants	84.367A	2022	0	37,719
Student Support and Academic Enrichment Program	84.424A	2022	0	17,126
COVID-19 Education Stabilization Fund				
ESSER I	84.425D	2021	0	33,921
ESSER I		2022	0	4,449
ESSER II		2022	0	215,150
ARP ESSER	84.425U	2022	0	64,792
ARP Homeless Round II	84.425W	2022	0	5,106
Total COVID-19 Education Stabilization Fund			0	323,418
Passed Through Shawnee State University				
Twenty-First Century Community Learning Centers	84.287A	2021 2022	0 0	25,562 82,242
Total Twenty-First Century Community Learning Centers			0	107,804
Total U.S. Department of Education			0	956,751
FEDERAL COMMUNICATIONS COMMISSION (FCC)				
Passed Through Universal Service Administration Company (USAC)				
COVID-19 Emergency Connectivity Fund Program	32.009	2022	0	136,175
Total Federal Communications Commission (FCC)			0	136,175
Total Expenditures of Federal Awards			\$ 0	\$ 1,362,733

The accompanying notes are an integral part of this schedule.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Sciotoville Community School (the Community School) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Community School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Community School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

The Community School reports commodities consumed on the Schedule at the entitlement value. The Community School allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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

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

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Sciotoville Community School, Scioto County, Ohio (the Community School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2023 wherein we noted the Community School modified its approach related to eligibility requirements of certain Community School grants resulting in the restatement to net position at July 1, 2021. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Community School.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
January 17, 2023



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

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sciotoville Community School's, Scioto County, (the Community School) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Sciotoville Community School's major federal program for the year ended June 30, 2022. Sciotoville Community School's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Sciotoville Community School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Community School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Community School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Community School's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Community School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Community School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Community School's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Community School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Community School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Community School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Sciotoville Community School
Scioto County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 17, 2023

This page intentionally left blank.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



SCIOTOVILLE COMMUNITY SCHOOL

SCIOTO 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 2/14/2023

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