

**THE GRAHAM SCHOOL  
FRANKLIN COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



Rea & associates

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
The Graham School  
3950 Indianola Ave  
Columbus, OH 43214

We have reviewed the *Independent Auditor's Report* of The Graham School, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

February 29, 2024

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**THE GRAHAM SCHOOL**  
**Franklin County, Ohio**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Graham School  
Franklin County, Ohio  
3950 Indianola Avenue  
Columbus, OH 43214

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

#### ***Opinion***

We have audited the financial statements of The Graham School, Franklin County, Ohio (TGS), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TGS's basic financial statements as listed in the table of contents. We have also audited the accompanying schedule of management company expenses presented as supplementary information for the year ended June 30, 2023 (collectively referenced below as the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TGS as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the supplemental information referred to above presents fairly, in all material respects, the management expenses incurred by TGS on behalf of other schools for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TGS'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 TGS'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 TGS's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting



for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TGS's basic financial statements. The *Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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 GAAS. 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 December 28, 2023 on our consideration of TGS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TGS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 28, 2023

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**The Graham School**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

Our discussion and analysis of The Graham School (TGS) financial performance provides an overall review of TGS' financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at TGS' 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 TGS' financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS -**

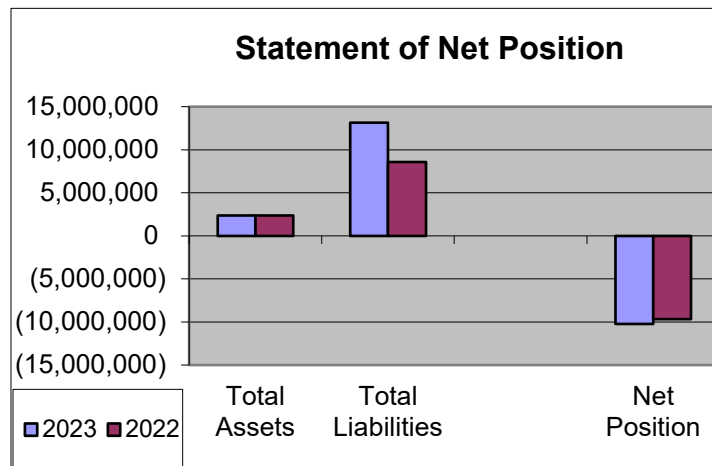
Key Financial Highlights for TGS for the fiscal year 2023 are as follows:

- In total, net position decreased \$221,146 from 2022.
- Total liabilities increased \$4,259,156 from 2022.

**USING THIS ANNUAL REPORT**

This report consists of required supplementary information, the basic financial statements, notes to the basic financial statements and notes to 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 Statement of Revenues, Expenses, and Changes in Net Position reflect how TGS did financially during fiscal year 2023. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.



**The Graham School**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

These statements report TGS' net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of TGS has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include TGS' student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs, and other factors.

TGS uses enterprise presentation for all of its activities.

Table 1 provides a summary of TGS' net position for fiscal years 2023 and 2022.

**Table 1**  
**Statement of Net Position**

	2023	2022	Change
<b>Assets</b>			
Current Assets	\$ 427,716	\$ 681,079	\$ (253,363)
Net OPEB Asset	1,149,153	888,993	260,160
Capital Assets, Net	797,620	796,387	1,233
Total Assets	<u>2,374,489</u>	<u>2,366,459</u>	<u>8,030</u>
<b>Deferred Outflows of Resources</b>			
Pension & OPEB	<u>3,363,293</u>	<u>3,396,519</u>	<u>(33,226)</u>
<b>Liabilities</b>			
Current Liabilities	622,790	929,295	(306,505)
Long Term Liabilities	12,191,332	7,625,671	4,565,661
Total Liabilities	<u>12,814,122</u>	<u>8,554,966</u>	<u>4,259,156</u>
<b>Deferred Inflows of Resources</b>			
Pension & OPEB	<u>2,799,012</u>	<u>6,862,218</u>	<u>(4,063,206)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	471,428	387,914	83,514
Restricted for Educational Programs	102,316	27,725	74,591
Restricted for Other Purposes	261,827	-	261,827
Unrestricted	<u>(10,710,923)</u>	<u>(10,069,845)</u>	<u>(641,078)</u>
Total Net Position	<u>\$ (9,875,352)</u>	<u>\$ (9,654,206)</u>	<u>\$ (221,146)</u>

**The Graham School**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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The net pension liability (NPL) is the largest single liability reported by TGS at June 30, 2023, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27*. In a prior period, TGS also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of TGS's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

**The Graham School**  
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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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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 reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Capital assets include land, buildings, improvements and furniture and equipment. These capital assets are used to provide services to students and are not available for future spending. Although TGS' investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

The decrease in current assets is primarily due to a decrease in cash from operations.

The increase in long-term liabilities is due to an increase in the net pension liability as discussed above.

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

Table 2 shows the changes in net position for fiscal years 2023 and 2022, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader whether, for TGS as a whole, the financial position of TGS has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors

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**The Graham School**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

**Table 2**  
**Change in Net Position**

	2023	2022	Change
<b>Operating Revenue</b>			
State Aid	\$ 1,342,916	\$ 1,728,547	\$ (385,631)
Casino Aid	10,949	12,736	(1,787)
Facilities Aid	67,804	96,625	(28,821)
Classroom Materials & Fees	6,550	6,632	(82)
Student Lunch Fees	4,148	-	4,148
Services to Schools	6,849,100	6,617,248	231,852
Other Operating Revenues	36,129	30,490	5,639
<b>Total Operating Revenues</b>	<u>8,317,596</u>	<u>8,492,278</u>	<u>(174,682)</u>
<b>Operating Expenses</b>			
Salaries	6,841,180	6,755,292	85,888
Fringe Benefits	2,361,282	1,228,963	1,132,319
Purchased Services	691,638	706,193	(14,555)
Materials and Supplies	163,058	141,487	21,571
Depreciation/Amortization Expense	78,381	71,832	6,549
Other Operating Expense	67,486	62,401	5,085
<b>Total Operating Expenses</b>	<u>10,203,025</u>	<u>8,966,168</u>	<u>1,236,857</u>
<b>Non-Operating Revenue (Expenses)</b>			
Grants	1,252,712	1,079,878	172,834
Contributions & Donations	71,815	58,480	13,335
Investment Earnings	14,050	(3,726)	17,776
Forgiveness of Payables	346,828	321,768	25,060
Loss on Investment in Receivables	-	(78,387)	78,387
Loss on Disposal of Capital Asset	(11,318)	-	(11,318)
Interest and Fiscal Charges	(9,804)	(12,099)	2,295
<b>Net Non-Operating Revenue (Expenses)</b>	<u>1,664,283</u>	<u>1,365,914</u>	<u>298,369</u>
<b>Increase (Decrease) in Net Position</b>	(221,146)	892,024	(1,113,170)
<b>Net Position at Beginning of Year</b>	<u>(9,654,206)</u>	<u>(10,546,230)</u>	<u>892,024</u>
<b>Net Position at End of Year</b>	<u>\$ (9,875,352)</u>	<u>\$ (9,654,206)</u>	<u>\$ (221,146)</u>

During 2023, services to schools increased due to an increase in grant services provided to GEMS and The Charles School at Ohio Dominican University (TCS) and changes in the funding formula for GEMS and TCS, which increased their operating revenues, respectively. Per management agreement, as TCS and GEMS enrollment increases and operating revenues increase, the amount of management fees TGS collects also increases. TGS operating revenues from state aid decreased from a decrease in enrollment due to a planned reduction and reset after COVID. Grants revenue increased during the year as a result of additional federal grant allocations, primarily for COVID-19 related funding.

**The Graham School**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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Interest income increased due to rising interest rates. The fluctuations in forgiveness of payables and loss on investment in receivables is related to the Board forgiving payables and receivables owed between TGS, GEMS and TCS. Loss on disposal of capital assets increased due to copiers being returned to lessor. The changes in fringe benefits are primarily associated to changes in the TGS's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

**CAPITAL ASSETS**

In fiscal year 2023, capital assets increased due to additions exceeding disposals and amortization/depreciation. Detailed information regarding capital asset activity is included in the Note 5 to the basic financial statements.

**DEBT OBLIGATIONS**

Outstanding debt decreased in fiscal year 2023 due to principal retirements and the termination of copier lease. Note 11 to the basic financial statements summarize all of the TGS's debt obligations at June 30, 2023.

**OTHER INFORMATION**

**For the Future**

Our financial position continued to be stable during fiscal year 2023. Staffing is evaluated annually based on student enrollment and grant funding available.

**CONTACTING THE GRAHAM SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of TGS' finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Jennifer Smith of The Graham School, 3950 Indianola Avenue, Columbus, Ohio 43214 or e-mail at [jsmith.1@mail.thegrahamschool.org](mailto:jsmith.1@mail.thegrahamschool.org).



**The Graham School**  
**Franklin County, Ohio**  
*Statement of Net Position*  
*June 30, 2023*

**Assets**

*Current Assets:*

Cash and Investments	\$	251,203
Beneficial Interest in Assets Held By Others		21,573
Intergovernmental Receivable		154,940
<i>Total Current Assets</i>		427,716

*Noncurrent Assets:*

Net OPEB Asset		1,149,153
<i>Capital Assets:</i>		
Non-Depreciable Capital Assets		141,800
Depreciable Capital Assets, net		655,820
<i>Total Noncurrent Assets</i>		1,946,773

Total Assets		2,374,489
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**Deferred Outflows of Resources**

Pension		3,173,987
OPEB		189,306
<i>Total Deferred Outflows of Resources</i>		3,363,293

**Liabilities**

*Current Liabilities:*

Accounts Payable		48,273
Accrued Wages and Benefits		509,986
Intergovernmental Payable		16,394
Notes Payable, current portion		48,137
<i>Total Current Liabilities</i>		622,790

*Long-Term Liabilities:*

Net Pension Liability		11,519,364
Net OPEB Liability		393,913
Notes Payable, net of current portion		278,055
<i>Total Long-Term Liabilities</i>		12,191,332

Total Liabilities		12,814,122
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**Deferred Inflows of Resources**

Pension		1,222,145
OPEB		1,576,867
<i>Total Deferred Inflows of Resources</i>		2,799,012

**Net Position**

Net Investment in Capital Assets		471,428
Restricted for Educational Programs		102,316
Restricted for Other Purposes		261,827
Unrestricted		(10,710,923)
<i>Total Net Position</i>		\$ (9,875,352)

See accompanying notes to the basic financial statements

**The Graham School**  
**Franklin County, Ohio**  
*Statement of Revenues, Expenses and Changes in Net Position*  
*For the Fiscal Year Ended June 30, 2023*

<b>Operating Revenues</b>	
State Aid	\$ 1,342,916
Casino Aid	10,949
Facilities Aid	67,804
Classroom Fees	6,550
Student Lunch Fees	4,148
Services to Schools	6,849,100
Other Operating	36,129
	<hr/>
<b>Total Operating Revenues</b>	<b>8,317,596</b>
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<b>Operating Expenses</b>	
Salaries	6,841,180
Fringe Benefits	2,361,282
Purchased Services	691,638
Materials and Supplies	163,058
Depreciation/Amortization	78,381
Other	67,486
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<b>Total Operating Expenses</b>	<b>10,203,025</b>
	<hr/>
<b>Operating Income/(Loss)</b>	<b>(1,885,429)</b>
	<hr/>
<b>Non-Operating Revenues (Expenses)</b>	
Grants	1,252,712
Contributions & Donations	71,815
Investment Earnings	14,050
Forgiveness of Payables	346,828
Loss on Disposal of Capital Asset	(11,318)
Interest and Fiscal Charges	(9,804)
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<b>Net Non-Operating Revenues (Expenses)</b>	<b>1,664,283</b>
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<b>Change in Net Position</b>	<b>(221,146)</b>
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<b>Net Position Beginning of Year</b>	<b>(9,654,206)</b>
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<b>Net Position End of Year</b>	<b>\$ (9,875,352)</b>
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See accompanying notes to the basic financial statements

**The Graham School**  
**Franklin County, Ohio**  
*Statement of Cash Flows*  
For the Fiscal Year Ended June 30, 2023

**Increase (Decrease) in Cash and Investments**

**Cash Flows from Operating Activities**

Cash Received from State of Ohio	\$ 1,421,669
Cash Received from Other Operating Sources	6,896,568
Cash Payments for Goods and Services	(529,300)
Cash Payments to Employees for Services	(9,129,733)
Other Cash Payments	(67,486)
Net Cash Used for Operating Activities	<u>(1,408,282)</u>

**Cash Flows from Noncapital Financing Activities**

Cash Received from Grants	1,139,305
Cash Received from Contributions and Donations	71,815
Net Cash Provided by Noncapital Financing Activities	<u>1,211,120</u>

**Cash Flows from Capital and Related Financing Activities**

Cash Payments for Capital Assets	(90,932)
Cash Payments for Interest and Fiscal Charges	(9,804)
Cash Payments for Principal Payments	(82,281)
Net Cash Used for Capital Financing Activities	<u>(183,017)</u>

**Cash Flows from Investing Activities**

Investment Income	13,378
Net Cash Provided by/Used For Investing Activities	<u>13,378</u>

<b>Net Decrease in Cash and Investments</b>	(366,801)
<b>Cash and Investments Beginning of Year</b>	618,004
<b>Cash and Investments End of Year</b>	<u>\$ 251,203</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities**

Operating Income (Loss)	\$ (1,885,429)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME(LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Depreciation/Amortization	78,381
<b>Changes in Assets and Liabilities and Deferred Inflows/Outflows of Resources</b>	
Accounts Receivable	641
Net OPEB Asset	(260,160)
Deferred Outflows of Resources - Pension/OPEB	33,226
Accounts Payable	325,396
Accrued Wages and Benefits	(266,214)
Intergovernmental Payable	3,221
Net Pension/OPEB Liability	4,625,862
Deferred Inflows of Resources - Pension/OPEB	(4,063,206)
Net Cash Used for Operating Activities	<u>\$ (1,408,282)</u>

**Supplemental Non-Cash Financing Activities**

TGS received forgiveness of \$161,372 and 185,456 in outstanding invoices with GEMS and TCS, respectively.

See accompanying notes to the basic financial statements

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**1. DESCRIPTION OF THE REPORTING ENTITY**

The Graham School (TGS) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. TGS is an approved tax-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 TGS' tax-exempt status. TGS' objective is to use the Columbus community to form partnerships for student learning. Individualized programs are used to meet students' needs. Parents and students are included in all decision-making. TGS, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. TGS may acquire facilities as needed and contract for any services necessary for its operation.

TGS was approved for operation under a contract with the Educational Service Center of Central Ohio (the Sponsor) commencing July 1, 2009. TGS has subsequently renewed the contract through June 30, 2024. The Sponsor is responsible for evaluating the performance of TGS and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

TGS operates under the direction of a seven-member governing board. The governing board is responsible for carrying out the provisions of the contract, which include but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The governing board controls TGS and The Charles School at Ohio Dominican University (TCS) instructional/support facilities staffed by non-certified and certificated full time personnel who provide services to students at TGS, TCS, and Graham Elementary and Middle School (GEMS).

TGS is associated with the following jointly governed organization:

***META Solutions***

Effective July 1, 2017, TGS became a participant in META (Metropolitan Educational Technology Association) Solutions. META Solutions is an association of public school districts throughout Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META Solutions consists of the superintendent from 11 member districts. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**The Graham School**  
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**A. Basis of Presentation**

TGS uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**B. Measurement Focus and Basis of Accounting**

Enterprise 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. Operating statements present increases and decreases in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when earned and expenses are recognized when they are incurred.

**C. Budgetary Process**

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between TGS and its Sponsor does not require TGS to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

**D. Cash and Investments**

All cash received by the TGS is deposited in accounts in the TGS' name and reflected as Cash and Investments on the Statement of Net Position. Investments with a maturity of three months or less at the time they are purchased by TGS are considered to be cash equivalents.

**E. Prepaid Items**

TGS records payments made to vendors for services that will benefit future periods using the consumption method. No prepaid items were recorded at June 30, 2023. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is recorded in the year in which the services are consumed.

**F. Capital Assets and Depreciation**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. TGS' capitalization threshold is one thousand dollars. 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.

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TGS is reporting intangible right to use assets 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.

All other reported capital assets except land are depreciated. Depreciation of furniture and equipment is computed using the straight-line method over an estimated life of five years. Improvements to capital assets are depreciated over five to fifteen years. Buildings are depreciated over forty years.

**G. Intergovernmental Revenues**

TGS currently participates in the state's foundation, facilities aid and casino tax programs. Revenues received from these programs are recognized as operating revenues in the accounting period in which they are earned and become measurable. Funding from these programs is listed as "State Aid", "Facilities Aid" and "Casino Aid" on the Statement of Revenues, Expenses, and Changes in Net Position.

Restricted grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

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

Resources where the timing requirement is not met are recorded as a liability to the funding source, and reported as a non-operating expense. Resources received prior to the period of use are unearned.

**H. Net Position**

Net Position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net Position invested in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by TGS or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. As of June 30, 2023, TGS had no net position restricted for enabling legislation.

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

**I. Operating Revenues and Expenses**

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

**The Graham School**  
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**J. Estimates**

The preparation of the 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.

**K. Pension and Other Postemployment Benefits (OPEB)**

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

**L. 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 represent 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 TGS, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report 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 TGS, deferred inflows of resources include pension and OPEB, which are reported on the statement of net position. (See Notes 7 and 8).

**3. DEPOSITS AND INVESTMENTS**

**A. Deposits with Financial Institutions**

At year-end, \$123,038 of TGS' bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by TGS.

Custodial credit risk for deposits is the risk that in the event of a bank failure, TGS will not be able to recover deposits or collateral securities that are in possession of an outside party. TGS does not have a policy for custodial credit risk.

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**B. Investments**

TGS has received donations in the form of equity stock. The investment banker, Morgan Stanley Smith Barney, LLC holds the investment. The carrying value of the equity stock is recorded at its fair market value at June 30, 2023. TGS is exposed to market and custodial risk on this investment to the extent of the value of the equity stock, and any undistributed earnings.

S&P Rating	Investment Type	Measurement Amount	Maturity	
			0 - 12 Months	Percent of Total
Net Asset Value (NAV):				
AAAm	Federated Government Obligations	\$ 10	\$ 10	0.00%
Fair Value:				
A+	Morgan Stanley Securities	23,696	23,696	9.48%
N/A	U.S. Treasury Bills	226,232	226,232	90.52%
Total		<u>\$ 249,938</u>	<u>\$ 249,938</u>	<u>100.00%</u>

TGS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies TGS's recurring fair value measurements as of June 30, 2023. All investments of TGS are valued using quoted market prices (Level 1 inputs).

**4. RECEIVABLES**

At June 30, 2023, TGS had intergovernmental receivables. Intergovernmental receivables are amounts due from ODE related to federal grants and state aid. All receivables are expected to be collected within one year.

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**5. CAPITAL ASSETS**

At June 30, 2023, the following table represents TGS' changes in capital assets. Capital assets are considered depreciable, except for land.

	Balance 6/30/2022	Additions	Disposals	Balance 6/30/2023
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 141,800	\$ -	\$ -	\$ 141,800
<i>Capital Assets Being Depreciated/Amortized</i>				
Building	1,108,200	-	-	1,108,200
Improvements	810,973	-	-	810,973
Furniture and Equipment	113,256	90,932	-	204,188
Leased Equipment (intangible)	113,174	-	(113,174)	-
<i>Total Capital Assets Being Depreciated/Amortized</i>	<u>2,145,603</u>	<u>90,932</u>	<u>(113,174)</u>	<u>2,123,361</u>
<i>Accumulated Depreciation/Amortization</i>				
Building	(581,395)	(27,705)	-	(609,100)
Improvements	(774,707)	(8,059)	-	(782,766)
Furniture and Equipment	(50,034)	(25,641)	-	(75,675)
Leased Equipment (intangible)	(84,880)	(16,976)	101,856	-
<i>Total Accumulated Depreciation/Amortization</i>	<u>(1,491,016)</u>	<u>(78,381)</u>	<u>101,856</u>	<u>(1,467,541)</u>
<i>Total Capital Assets Being Depreciated/Amortization</i>	<u>654,587</u>	<u>12,551</u>	<u>(11,318)</u>	<u>655,820</u>
Capital Assets, Net	<u>\$ 796,387</u>	<u>\$ 12,551</u>	<u>\$ (11,318)</u>	<u>\$ 797,620</u>

**6. RISK MANAGEMENT**

**A. Insurance Coverage**

TGS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended 2023, TGS contracted with the Philadelphia Insurance Co. Settled claims have not exceeded this coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior fiscal year.

**B. Workers' Compensation**

TGS pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**C. Employee Medical, Dental and Vision Benefits**

TGS has contracted through an independent agent to provide employee medical, dental, and vision insurance to its full-time employees who work 40 or more hours per week.

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**7. DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

The net pension/OPEB liability (asset) represents the TGS’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 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 this estimate annually.

Ohio Revised Code limits the TGS’s obligation for this liability to annually required payments. The TGS cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the TGS 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 long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued wages and benefits* on the accrual basis of accounting.

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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, may be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the TGS 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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The TGS’s contractually required contribution to SERS was \$173,659 for fiscal year 2023. Of this amount, \$11,077 is reported as accrued wages and benefits.

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

Plan Description – TGS 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](http://www.strsoh.org).

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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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 to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The TGS's contractually required contribution to STRS was \$784,639 for fiscal year 2023. Of this amount, \$50,462 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The TGS's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0305720%	0.04438028%	
Prior Measurement Date	0.0349914%	0.04216383%	
Change in Proportionate Share	-0.0044194%	0.00221645%	
Proportionate Share of the Net			
Pension Liability	\$ 1,653,572	\$ 9,865,792	\$ 11,519,364
Pension Expense	\$ 173,659	\$ 784,639	\$ 958,298

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows

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of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2023, the TGS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 66,971	\$ 126,294	\$ 193,265
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	343,308	343,308
Changes of Assumptions	16,316	1,180,639	1,196,955
Changes in Proportion and Differences between TGS Contributions and Proportionate Share of Contributions	68,603	413,558	482,161
TGS Contributions Subsequent to the Measurement Date	173,659	784,639	958,298
<b>Total Deferred Outflows of Resources</b>	<b>\$ 325,549</b>	<b>\$ 2,848,438</b>	<b>\$ 3,173,987</b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 10,855	\$ 37,739	\$ 48,594
Net Difference between Projected and Actual Earnings on Pension Plan Investments	57,702	-	57,702
Changes of Assumptions	-	888,682	888,682
Changes in Proportion and Differences between TGS Contributions and Proportionate Share of Contributions	175,786	51,381	227,167
<b>Total Deferred Inflows of Resources</b>	<b>\$ 244,343</b>	<b>\$ 977,802</b>	<b>\$ 1,222,145</b>

\$958,298 reported as deferred outflows of resources related to pension resulting from TGS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (17,731)	\$ 145,604	\$ 127,873
2025	(88,185)	75,650	(12,535)
2026	(82,430)	(135,807)	(218,237)
2027	95,893	1,000,550	1,096,443
<b>Total</b>	<b>\$ (92,453)</b>	<b>\$ 1,085,997</b>	<b>\$ 993,544</b>

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***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and June 30, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two 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 five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the 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

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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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 TGS'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 TGS's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the TGS'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	Current Discount Rate	1% Increase
TGS's Proportionate Share of the Net Pension Liability	\$ 2,433,978	\$ 1,653,572	\$ 996,089

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation, are presented below:



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Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

For 2022, post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, 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, 2022 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

\*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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\*\*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, 2022. 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, 2022. 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, 2022.

**Sensitivity of the TGS's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the TGS'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 TGS'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	Current Discount Rate	1% Increase
TGS's Proportionate Share of the Net Pension Liability	\$ 14,903,620	\$ 9,865,792	\$ 5,605,349

**Changes between the Measurement Date and the Reporting Date** The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**8. DEFINED BENEFIT OPEB PLANS**

See Note 7 for a description of the net OPEB liability (asset).

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

Health Care Plan Description - The TGS 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

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retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, 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 2023, the TGS's surcharge obligation was \$2,508, which is reported as accrued wages and benefits. 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 TGS's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted

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from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The TGS's proportion of the net OPEB liability (asset) was based on the TGS's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0280563%	0.04438028%	
Prior Measurement Date	0.0319833%	0.04216383%	
Change in Proportionate Share	-0.0039270%	0.00221645%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 393,913	\$ (1,149,153)	
OPEB Expense	\$ 51,307	\$ (190,254)	\$ (138,947)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2023, the TGS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 3,309	\$ 16,661	\$ 19,970
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	2,049	20,004	22,053
Changes of Assumptions	62,656	48,949	111,605
Changes in Proportion and Differences between TGS Contributions and Proportionate Share of Contributions	2,206	30,964	33,170
TGS Contributions Subsequent to the Measurement Date	2,508	-	2,508
<b>Total Deferred Outflows of Resources</b>	<u>\$ 72,728</u>	<u>\$ 116,578</u>	<u>\$ 189,306</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 251,975	\$ 172,581	\$ 424,556
Changes of Assumptions	161,703	814,866	976,569
Changes in Proportion and Differences between TGS Contributions and Proportionate Share of Contributions	159,285	16,457	175,742
<b>Total Deferred Inflows of Resources</b>	<u>\$ 572,963</u>	<u>\$ 1,003,904</u>	<u>\$ 1,576,867</u>

\$2,508 reported as deferred outflows of resources related to OPEB resulting from TGS contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (103,862)	\$ (246,743)	\$ (350,605)
2025	(104,125)	(256,795)	(360,920)
2026	(95,406)	(128,326)	(223,732)
2027	(69,098)	(51,611)	(120,709)
2028	(49,571)	(67,335)	(116,906)
Thereafter	(80,681)	(136,516)	(217,197)
<b>Total</b>	<u>\$ (502,743)</u>	<u>\$ (887,326)</u>	<u>\$ (1,390,069)</u>

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***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, 2022, are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

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

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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.

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 2016 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan 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, 2022 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

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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 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

***Sensitivity of the TGS'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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
TGS's Proportionate Share of the Net OPEB Liability	\$ 489,246	\$ 393,913	\$ 316,954

	1% Decrease	Current Trend Rate	1% Increase
TGS's Proportionate Share of the Net OPEB Liability	\$ 303,778	\$ 393,913	\$ 511,645

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate



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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

\*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

\*\*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.

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**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Sensitivity of the TGS's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
TGS's Proportionate Share of the Net OPEB (Asset)	\$ (1,062,362)	\$ (1,149,153)	\$ (1,223,497)
	1% Decrease	Current Trend Rate	1% Increase
TGS's Proportionate Share of the Net OPEB (Asset)	\$ (1,191,951)	\$ (1,149,153)	\$ (1,095,131)

**9. CONTINGENCIES**

**A. Grants**

TGS receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the operating fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of TGS at June 30, 2023.

**B. Litigation**

There are currently no matters in litigation with TGS as defendant.

**10. RELATED PARTY TRANSACTION**

Dantomka, Ltd. is a limited liability corporation, which is a general partner of DK Services. Eileen Meers, who serves as the Dean of Academics and is the developer of TGS, also serves as the president

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of DK Services and a general partner of Dantomka, Ltd. Note disclosure 11 details the terms and payment arrangements of the notes. Eileen Meers retired from her position at TGS in August 2020.

**11. DEBT AND LONG-TERM OBLIGATIONS**

The changes in TGS' long-term obligations during the year consist of the following:

	Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts Due in One Year
<i>Direct Borrowing:</i>					
Dantomka Ltd.	\$ 373,142	\$ -	\$ 46,950	\$ 326,192	\$ 48,137
<i>Total Direct Borrowing</i>	<u>373,142</u>	<u>-</u>	<u>46,950</u>	<u>326,192</u>	<u>48,137</u>
Net Pension Liability	6,682,105	4,837,259	-	11,519,364	-
Net OPEB Liability	605,310	-	211,397	393,913	-
Leases - Copiers	35,331	-	35,331	-	-
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$ 7,695,888</u>	<u>\$ 4,837,259</u>	<u>\$ 293,678</u>	<u>\$ 12,239,469</u>	<u>\$ 48,137</u>

In November 2011, TGS entered into a new mortgage promissory note agreement with Dantomka, Ltd. in the amount of \$544,375 for a 15 year term at an interest rate of 2.5% annually. Monthly payments on the note are \$900 and increased to \$4,645, effective January 2022.

Effective April 8, 2003, Ohio Revised Code Section 3314.08 (J) (1) (b) was amended, in part, to permit facilities acquisition debt with a maturity not exceeding fifteen years. All current notes comply with this provision of the revised code.

In the event of default, as defined by the mortgage agreement for Dantomka Ltd. mortgage, the amounts payable by TGS may become due. If payments are not made, the lender may take possession of and sell the mortgaged property.

The annual requirements to retire the note payable, including interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 48,137	\$ 7,606	\$ 55,743
2025	49,354	6,388	55,742
2026	50,602	5,140	55,742
2027	51,882	3,861	55,743
2028	53,194	2,549	55,743
2029-2030	73,023	1,300	74,323
Total	<u>\$ 326,192</u>	<u>\$ 26,844</u>	<u>\$ 353,036</u>

During fiscal year 2019, TGS entered into a lease agreement for three copiers for a five year period at an interest rate of 4.869 percent. The lease was paid off in fiscal year 2023.

**The Graham School**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**12. SPONSOR**

On May 13, 2014, a sponsorship agreement was executed between TGS and the Educational Service Center of Central Ohio for a two (2) year period beginning July 1, 2014. In July 2014, the contract was extended for three years through June 2017. Additional two year extensions extended this contract through June 30, 2019 and most currently, through June 30, 2024. Under this agreement, TGS pays the Sponsor “up to” 3% of State Aid (see Note 2.). TGS sponsor fee expense at June 30, 2023 totaled \$47,413.

**13. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Columbus Foundation holds in trust a money market account valued at \$21,573 at June 30, 2023. The account is a designated fund which is to be used for the renovation of TGS’ property. The investment is not held in TGS’ name. In the event all assets are not required to renovate the property, any remaining assets may be used for its operating needs.

**14. MANAGEMENT AGREEMENT WITH THE CHARLES SCHOOL (TCS)**

Effective July 1, 2007, TGS entered into a two year Management Agreement (the Agreement) with TGS. The Agreement’s term ran through June 30, 2009 and was subsequently renewed on July 8, 2009 and modified on August 12, 2009 to cover the periods ending January 31, 2010 and December 31, 2010 respectively. On July 21, 2010 the TCS Board approved a modified agreement with TGS to commence July 1, 2010 through December 31, 2012, which further defined the roles of TGS and TCS in the agreement. In December 2012, the board approved the contract to continue to June 30, 2014. Since June of 2014, the Board has approved one year renewals annually. Per the contract, TGS receives a base fee of three (3) percent of TCS’ state foundation, and reimbursement of all direct costs for expenses incurred under the federal Title programs. TGS also receives up to ninety-five (95) percent of TCS’ federal and state awards, after a minimum of five (5) percent is spent by TCS to pay its direct expenses. TCS management fee expense for the fiscal year total \$2,926,850, as reported in the TCS Statement of Revenues, Expenses and Changes in Net Position. Of this fee, \$2,008,871 was for general fund related fees and \$834,806 was for grant related reimbursements. The remainder of the expense was for base licensing fees in the amount of \$83,173. During 2023, the annual reconciliation process resulted in a forgiveness of payable owed by TGS to TCS for \$185,456.

**15. MANAGEMENT AGREEMENT WITH GRAHAM ELEMENTARY AND MIDDLE SCHOOL (GEMS)**

Effective July 1, 2015, GEMS entered into a Management Agreement (the Agreement) with TGS. The Agreement has been renewed annually through June 30, 2023. Per the contract, TGS receives a base fee of three (3) percent of GEMS’ state foundation, and reimbursement of all direct costs for expenses incurred under the Federal Title programs. TGS also receives ninety-five (95) percent of GEMS’ remaining revenues after GEMS pays its direct expenses. GEMS management fee expense for the fiscal year total \$3,923,817, as reported in the GEMS’ Statement of Revenues, Expenses and Changes in Fund Net Position. Of this fee, \$2,524,648 was for general fund related fees, and \$1,292,689 was for grant related reimbursements. The remainder of the expense was for base licensing fees in the amount of \$106,480. During 2023, the annual reconciliation process resulted in a forgiveness of receivable owed by TGS to GEMS in the amount of \$161,372.

**The Graham School**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**16. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2023, the TGS has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the TGS.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the TGS.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the TGS.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the TGS.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the TGS.

**The Graham School**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**17. TAX EXEMPT STATUS**

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

**The Graham School**  
**Franklin County, Ohio**  
*Supplementary Information*  
*Schedule of Management Company Expenses*

For the fiscal year ended June 30, 2023, TGS incurred the following expenses on-behalf of TCS and GEMS:

<b>Graham Elementary and Middle School</b>	<b>Regular Instruction</b>	<b>Special Instruction</b>	<b>Support Services</b>	<b>Total</b>
<i>Direct expenses:</i>				
<b>Salaries &amp; wages</b>	\$1,176,518	\$448,349	\$754,704	\$2,379,571
<b>Employees' benefits</b>	\$366,605	\$141,578	\$217,897	\$726,080
<i>Indirect expenses:</i>				
<b>Overhead</b>	\$376,716	\$144,016	\$237,437	\$758,169
<b>Total expenses</b>	<b>\$1,919,839</b>	<b>\$733,943</b>	<b>\$1,210,038</b>	<b>\$3,863,820</b>

<b>Charles School</b>	<b>Regular Instruction</b>	<b>Special Instruction</b>	<b>Support Services</b>	<b>Total</b>
<i>Direct expenses:</i>				
<b>Salaries &amp; wages (100 object codes)</b>	\$1,055,155	\$155,395	\$639,627	\$1,850,177
<b>Employees' benefits (200 object codes)</b>	\$326,421	\$35,614	\$186,573	\$548,608
<i>Indirect expenses:</i>				
<b>Overhead</b>	\$406,572	\$56,203	\$243,044	\$705,819
<b>Total expenses</b>	<b>\$1,788,148</b>	<b>\$247,212</b>	<b>\$1,069,244</b>	<b>\$3,104,604</b>

Management uses enterprise accounting to maintain its financial records during the fiscal year. Overhead charges are assigned to TCS and GEMS based on a percentage of full-time equivalent student enrollment. These charges represent the indirect cost of services provided in the operation of the School. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

**The Graham School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the TGS' Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
TGS' Proportion of the Net Pension Liability	0.0305720%	0.03499140%	0.03006360%	0.03090600%
TGS' Proportionate Share of the Net Pension Liability	\$ 1,653,572	\$ 1,291,081	\$ 1,988,470	\$ 1,849,160
TGS' Covered Payroll	\$ 1,108,793	\$ 1,185,536	\$ 1,160,986	\$ 1,061,489
TGS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	149.13%	108.90%	171.27%	174.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
<b><i>State Teachers Retirement System (STRS)</i></b>				
TGS' Proportion of the Net Pension Liability	0.04438028%	0.04216383%	0.04126161%	0.04179144%
TGS' Proportionate Share of the Net Pension Liability	\$ 9,865,792	\$ 5,391,024	\$ 9,983,841	\$ 9,241,926
TGS' Covered Payroll	\$ 5,618,221	\$ 5,313,964	\$ 4,889,664	\$ 4,909,336
TGS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.60%	101.45%	204.18%	188.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.



<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.03138040%	0.03029110%	0.02839550%	0.02708810%	0.02906700%	0.02906700%
\$ 1,797,214	\$ 1,809,826	\$ 2,078,289	\$ 1,545,673	\$ 1,471,064	\$ 1,728,521
\$ 1,011,948	\$ 1,031,357	\$ 1,006,286	\$ 1,117,489	\$ 824,235	\$ 944,566
177.60%	175.48%	206.53%	138.32%	178.48%	183.00%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.04145710%	0.04006600%	0.03822579%	0.03655546%	0.03467255%	0.03467255%
\$ 9,115,485	\$ 9,517,764	\$ 12,795,324	\$ 10,102,860	\$ 8,433,564	\$ 10,046,006
\$ 4,712,971	\$ 4,404,764	\$ 3,996,086	\$ 4,090,329	\$ 3,811,400	\$ 3,196,300
193.41%	216.08%	320.20%	246.99%	221.27%	314.30%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

See notes to the required supplementary information

**The Graham School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the TGS' Contributions - Pension*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 173,659	\$ 155,231	\$ 165,975	\$ 162,538
Contributions in Relation to the Contractually Required Contribution	<u>(173,659)</u>	<u>(155,231)</u>	<u>(165,975)</u>	<u>(162,538)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS's Covered Payroll	\$ 1,240,421	\$ 1,108,793	\$ 1,185,536	\$ 1,160,986
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 784,639	\$ 786,551	\$ 743,955	\$ 684,553
Contributions in Relation to the Contractually Required Contribution	<u>(784,639)</u>	<u>(786,551)</u>	<u>(743,955)</u>	<u>(684,553)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS's Covered Payroll	\$ 5,604,564	\$ 5,618,221	\$ 5,313,964	\$ 4,889,664
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 143,301	\$ 136,613	\$ 144,390	\$ 140,880	\$ 147,285	\$ 114,239
<u>(143,301)</u>	<u>(136,613)</u>	<u>(144,390)</u>	<u>(140,880)</u>	<u>(147,285)</u>	<u>(114,239)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,061,489	\$ 1,011,948	\$ 1,031,357	\$ 1,006,286	\$ 1,117,489	\$ 824,235
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$ 687,307	\$ 659,816	\$ 616,667	\$ 559,452	\$ 572,646	\$ 495,482
<u>(687,307)</u>	<u>(659,816)</u>	<u>(616,667)</u>	<u>(559,452)</u>	<u>(572,646)</u>	<u>(495,482)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,909,336	\$ 4,712,971	\$ 4,404,764	\$ 3,996,086	\$ 4,090,329	\$ 3,811,400
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See notes to the required supplementary information

**The Graham School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the TGS' Proportionate Share of the Net OPEB Liability/(Asset)*  
*Last Seven Fiscal Years (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
TGS' Proportion of the Net OPEB Liability	0.0280563%	0.03198300%	0.02769700%	0.02838800%
TGS' Proportionate Share of the Net OPEB Liability	\$ 393,913	\$ 605,310	\$ 601,946	\$ 713,893
TGS' Covered Payroll	\$ 1,108,793	\$ 1,185,536	\$ 1,160,986	\$ 1,061,489
TGS' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.53%	51.06%	51.85%	67.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%
<b><i>State Teachers Retirement System (STRS)</i></b>				
TGS's Proportion of the Net OPEB Liability/(Asset)	0.04438028%	0.04216400%	0.04126200%	0.04179100%
TGS's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,149,153)	\$ (888,993)	\$ (725,179)	\$ (692,159)
TGS's Covered Payroll	\$ 5,618,221	\$ 5,313,964	\$ 4,889,664	\$ 4,909,336
TGS's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-20.45%	-16.73%	-14.83%	-14.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.73%	182.10%	174.70%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.02871200%	0.02798010%	0.02624012%
\$ 796,554	\$ 750,912	\$ 747,940
\$ 1,011,948	\$ 1,031,357	\$ 1,006,286
78.71%	72.81%	74.33%
13.57%	12.46%	11.49%
0.04145710%	0.04006600%	0.03822579%
\$ (666,173)	\$ 1,563,277	\$ 2,044,325
\$ 4,712,971	\$ 4,404,764	\$ 3,996,086
-14.13%	35.49%	51.16%
176.00%	47.10%	37.30%

See notes to the required supplementary information

**The Graham School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the TGS' Contributions - OPEB*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 2,508	\$ 1,936	\$ 1,627	\$ 1,932
Contributions in Relation to the Contractually Required Contribution	<u>(2,508)</u>	<u>(1,936)</u>	<u>(1,627)</u>	<u>(1,932)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS' Covered Payroll	\$ 1,240,421	\$ 1,108,793	\$ 1,185,536	\$ 1,160,986
OPEB Contributions as a Percentage of Covered Payroll (1)	0.20%	0.17%	0.16%	0.17%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS' Covered Payroll	\$ 5,604,564	\$ 5,618,221	\$ 5,313,964	\$ 4,889,664
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 7,240	\$ 6,701	\$ 2,491	\$ 2,399	\$ 11,537	\$ 6,499
<u>(7,240)</u>	<u>(6,701)</u>	<u>(2,491)</u>	<u>(2,399)</u>	<u>(11,537)</u>	<u>(6,499)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,061,489	\$ 1,011,948	\$ 1,031,357	\$ 1,006,286	\$ 1,117,489	\$ 824,235
0.68%	0.66%	0.24%	0.24%	1.03%	0.79%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,114
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,114)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,909,336	\$ 4,712,971	\$ 4,404,764	\$ 3,996,086	\$ 4,090,329	\$ 3,811,400
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See notes to the required supplementary information

**The Graham School**  
**Franklin County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 - NET PENSION LIABILITY**

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

***Changes in Assumptions - SERS***

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to 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 was updated to 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.

***Changes in Benefit Terms - SERS***

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.



**The Graham School**  
**Franklin County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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***Changes in Assumptions – STRS***

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

Fiscal year 2023	3.69 percent
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 2023	4.08 percent
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

**The Graham School**  
**Franklin County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Assumptions – STRS***

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 percent ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 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

**The Graham School**  
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*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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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.

***Changes in Benefit Terms – STRS***

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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 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 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 2019. This was subsequently extended, see above paragraph.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
The Graham School  
Franklin County, Ohio  
3950 Indianola Avenue  
Columbus, OH 43214

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 Graham School, Franklin County, Ohio (TGS), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TGS's basic financial statements, as well as the accompanying schedule of management company expenses presented as supplemental information, and have issued our report thereon dated December 28, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TGS'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 TGS's internal control. Accordingly, we do not express an opinion on the effectiveness of TGS's internal control.

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

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

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

As part of obtaining reasonable assurance about whether TGS'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 TGS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TGS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 28, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
The Graham School  
Franklin County, Ohio  
3950 Indianola Avenue  
Columbus, OH 43214

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Graham School's, Franklin County, Ohio (TGS) 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 each of TGS's major federal programs for the year ended June 30, 2023. TGS's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule Of Findings And Questioned Costs*.

In our opinion, TGS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each 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 TGS 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 each major federal program. Our audit does not provide a legal determination of TGS's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

TGS'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 TGS'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 TGS'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 TGS's compliance with the requirements of each 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 TGS'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 TGS'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 TGS'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.

The Graham School  
Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control over Required by the Uniform Guidance  
Page 3 of 3

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.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 28, 2023



**THE GRAHAM SCHOOL  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

**FEDERAL GRANTOR**

*Pass Through Grantor*

Program Title	Grant Year	ALN	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
<i>Cash Assistance:</i>			
School Breakfast Program	2023	10.553	\$ 7,000
School Lunch Program	2023	10.555	24,528
<i>Cash Assistanc Subtotal:</i>			<u>31,528</u>
Total Child Nutrition Cluster			<u>31,528</u>
COVID-19: Pandemic EBT Administrative Costs	2023	10.649	628
Total Pandemic EBT Administrative Costs			<u>628</u>
<b>Total U.S. Department of Agriculture</b>			<u>32,156</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title 1 Grants to Local Educational Agencies	2022	84.010A	3,618
Title 1 Grants to Local Educational Agencies	2023	84.010A	78,716
School Quality Improvement	2022	84.010A	18,227
School Quality Improvement	2023	84.010A	44,695
Supplemental School Improvement	2023	84.010A	59,079
Expanding Opportunities for Each Child Grant	2023	84.010A	28,636
Total Title 1			<u>232,971</u>
<i>Special Education Cluster:</i>			
Special Education Grants to States (IDEA, Part B)	2023	84.027A	68,887
COVID-19: American Rescue Plan IDEA Part B Special Education	2022	84.027X	1,105
Total Special Education Grants to States (IDEA, Part B)			<u>69,992</u>
Total Special Education Cluster			<u>69,992</u>
Improving Teacher Quality Grants to State (Title II-A)	2023	84.367A	9,586
Total Improving Teacher Quality Grants to State (Title II-A)			<u>9,586</u>
Student Support and Academic Enrichment Program	2022	84.424A	1,149
Student Support and Academic Enrichment Program	2023	84.424A	3,631
Total Student Support and Academic Enrichment Program			<u>4,780</u>
COVID-19: Education Stabilization Fund - ESSER II	2023	84.425D	3,098
COVID-19: Education Stabilization Fund - ARP ESSER	2023	84.425U	678,168
Total Education Stabilization Fund			<u>681,266</u>
<b>Total U.S. Department of Education</b>			<u>998,595</u>
<b>Totals</b>			<u>\$ 1,030,751</u>

**THE GRAHAM SCHOOL  
FRANKLIN COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2023**

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of The Graham School (TGS) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented 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 TGS, it is not intended to and does not present the financial position, changes in net position, or cash flows of TGS.

**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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. TGS has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note C – Child Nutrition Cluster**

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

**Note E – Transfers Between Program Years**

TGS generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, TGS can transfer (carryover) unspent Federal assistance to the succeeding year, thus allowing TGS a total of 27 months to spend the assistance. During fiscal year 2023, the ODE authorized the following transfers:

<u>ALN Number / Grant Title</u>	<u>Grant Year</u>	<u>Transfer Out</u>	<u>Transfer In</u>
84.010A Expanding Opportunities for Each Child Non-Competitive Grant	2022	\$ 5,855	
84.010A Expanding Opportunities for Each Child Non-Competitive Grant	2023		\$ 5,855
84.424A Title IV-A Student Support and Academic Enrichment	2022	436	
84.424A Title IV-A Student Support and Academic Enrichment	2023		436
		<u>\$ 6,291</u>	<u>\$ 6,291</u>

**THE GRAHAM SCHOOL  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
2 CFR §200.515  
JUNE 30, 2023**

**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)?	None Reported
(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?	None Reported
(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):  COVID-19: Education Stabilization Fund – ESSER II/ COVID-19: Education Stabilization Fund – ARP ESSER	ALN # 84.425D/84.425U
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None were noted.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted.

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# OHIO AUDITOR OF STATE KEITH FABER



**THE GRAHAM SCHOOL**

**FRANKLIN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/21/2024**

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

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