

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2024**

*Zupka & Associates*  
Certified Public Accountants





65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

Members of the Board  
Focus North High School  
1695 Sugarmaple Drive  
Columbus, OH 43229

We have reviewed the *Independent Auditor's Report* of the Focus North High School, Franklin County, prepared by Zupka & Associates, for the audit period July 1, 2023 through June 30, 2024. 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 Focus North High School is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

**May 05, 2025**

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**FOCUS NORTH HIGH SCHOOL**  
**FRANKLIN COUNTY, OHIO**  
**AUDIT REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Focus North High School  
Franklin County  
4807 Evanswood Drive  
Columbus, Ohio 43229

To the Members of the Board:

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Focus North High School, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Focus North High School as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Zupka & Associates  
Certified Public Accountants

February 19, 2025

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**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED**

The discussion and analysis of Focus Learning Academy North High School (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's 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 Governments 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 fiscal year 2024 are as follows:

- Total net position was \$(1,664,645) in fiscal year 2024.
- Total operating and non-operating revenues were \$3,420,404 in fiscal year 2024.
- Total expenses were \$3,326,469 in fiscal year 2024.
- Current liabilities were \$197,677 in fiscal year 2024.
- The School had \$2,317,929 of long-term liabilities as of June 30, 2024.
- Net Pension Liability increased \$182,420 while Deferred Inflows decreased \$131,706.

**Using this Financial Report**

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. 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 the School did financially during fiscal year 2024. 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.

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

The School uses enterprise presentation for all of its activities.

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED  
(Continued)**

**Statement of Net Position**

The Statement of Net Position answers the question of how the School did financially during fiscal year 2022. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net position for 2024.

**(Table 1)  
Statement of Net Position**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current Assets	\$ 539,831	\$ 403,030
Non-Current Assets	104,381	127,352
<b>Total Assets</b>	<b>644,212</b>	<b>530,382</b>
<b>Deferred Outflows of Resources</b>		
Pension Requirements	575,406	596,232
OPEB	117,353	65,708
<b>Total Deferred Outflows of Resources</b>	<b>692,759</b>	<b>661,940</b>
<b>Liabilities</b>		
Current Liabilities	197,677	145,741
Long Term Liabilities	2,317,929	2,187,445
<b>Total Liabilities</b>	<b>2,515,606</b>	<b>2,333,186</b>
<b>Deferred Inflows of Resources</b>		
Pension Requirements	162,423	259,909
OPEB	323,587	357,807
<b>Total Deferred Inflows of Resources</b>	<b>486,010</b>	<b>617,716</b>
<b>Net Position</b>		
Restricted	75,483	-
Unrestricted	\$ (1,740,128)	\$ (1,758,580)
<b>Total Net Position</b>	<b>\$ (1,664,645)</b>	<b>\$ (1,758,580)</b>

Total assets were \$644,212, while total liabilities were \$2,515,606. Cash and cash equivalents were \$312,267 while receivables were \$227,564.

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED  
(Continued)**

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

Table 2, below, demonstrates the net position for fiscal year 2024, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of School 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.

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. Foundation payments made up 80% of revenues while other state plus federal made up the remaining. The Schools' most significant expense was for Purchased Services: Management Fees and Grant Programs represent 95% of total expenses (excluding changes in net pension and OPEB liabilities). The total comprises primarily management fees paid by the school. The agreement provides for the School to remit a specific percentage of certain revenues received finance operations. Note 5, in the notes to the basic financial statements outlines this agreement.

(Table 2)  
**Change in Net Position**

	<b>2024</b>	<b>2023</b>
<b><u>OPERATING REVENUES</u></b>		
State Aid	\$ 1,872,945	\$ 1,436,285
Casino Aid	15,760	6,546
Facilities Aid	217,269	89,071
Other Operating Revenue	1,132	10,366
<b><u>NON-OPERATING REVENUES</u></b>		
Grants	1,313,201	1,571,250
Interest Income	97	97
Total Revenues	<u>3,420,404</u>	<u>3,113,615</u>
<b><u>OPERATING EXPENSES</u></b>		
Purchased Services: Management Fees	2,577,552	1,907,870
Purchased Services: Grant Programs	590,945	1,053,538
Change in Net Pension and OPEB Liability	3,711	684
Sponsor Fees	83,104	61,787
Board of Education	12,966	8,027
Auditing and Accounting	18,600	24,106
Liability Insurance	5,201	5,641
Supplies	1,904	1,328
Other Services	32,486	24,162
Total Expenses	<u>3,326,469</u>	<u>3,087,143</u>
Change in Net Position	<u><u>\$ 93,935</u></u>	<u><u>\$ 26,472</u></u>

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED  
(Continued)**

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2024 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For fiscal year 2022, the School adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED  
(Continued)**

schedule for the net pension liability or the net OPEB liability/asset. 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/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

**Budgeting Highlights**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its Sponsor. The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one year spending plan and a five-year projection that is reviewed periodically by the Board of Trustees.

**Capital Assets**

At the end of fiscal year 2024, the School had no capital assets. Per the management agreement, all capital assets are owned by ESCHOOL.

**Debt**

At June 30, 2024, the School did not have any long term debt.

**Current Financial Related Activities**

The School has ESCHOOL Consultants, LLC as its management company. Fees to be paid to ESCHOOL Consultants will be at 93% of state aid. The School's sponsor, Buckeye Community Hope Foundation, receives a fee of 3% of state aid. This will allow the Board to retain 4% of state aid to meet its obligations. The financial outlook over the next several years shows continued growth in enrollment.

**Contacting Management**

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Darlene Holt, Fiscal Officer for the Focus North High School, 4807 Evanswood Drive Columbus, OH 43229 or e-mail at [Holtbiz.consult@gmail.com](mailto:Holtbiz.consult@gmail.com).

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET POSITION  
JUNE 30, 2024**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 312,267
Intergovernmental Receivable	227,564
<b>Total Current Assets</b>	<b>539,831</b>

**Non-current Assets**

Net OPEB Asset	104,381
<b>Total Assets</b>	<b>644,212</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension Requirements	575,406
OPEB	117,353
<b>Total Deferred Outflows of Resources</b>	<b>692,759</b>

**LIABILITIES**

**Current Liabilities**

Grants Payable	197,677
<b>Total Current Liabilities</b>	<b>197,677</b>

**Long Term Liabilities**

Net Pension Liability	2,069,469
Net OPEB Liability	248,460
<b>Total Long-Term Liabilities</b>	<b>2,317,929</b>
<b>Total Liabilities</b>	<b>2,515,606</b>

**DEFERRED INFLOWS OF RESOURCES**

Pension Requirements	162,423
OPEB	323,587
<b>Total Deferred Inflows of Resources</b>	<b>486,010</b>

**NET POSITION**

Restricted	75,483
Unrestricted	(1,740,128)
<b>Total Net Position</b>	<b>\$ (1,664,645)</b>

See accompanying notes to the basic financial statements

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Operating Revenues**

State Aid	\$ 1,872,945
Casino Aid	15,760
Facilities Aid	217,269
Other Operating Revenue	<u>1,132</u>
 <b>Total Operating Revenues</b>	 <u>2,107,106</u>

**Operating Expenses**

Purchased Services: Management Fees	2,577,552
Purchased Services: Grant Programs	590,945
Change in Net Pension and OPEB Liability	3,711
Sponsor Fees	83,104
Board of Education	12,966
Auditing and Accounting	18,600
Insurance	5,201
Supplies	1,904
Other Services	<u>32,486</u>
 <b>Total Operating Expenses</b>	 <u>3,326,469</u>

<b>Operating Loss</b>	(1,219,363)
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**Non-Operating Revenues**

Grants	1,313,201
Interest Income	<u>97</u>
 <b>Total Non-Operating Revenues</b>	 <u>1,313,298</u>

Change in Net Position	93,935
<b>Net Position Beginning of Year</b>	<u>(1,758,580)</u>
<b>Net Position End of Year</b>	<u><u>\$ (1,664,645)</u></u>

**See accompanying notes to the basic financial statements**

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from State	\$ 2,063,212
Cash Received from Miscellaneous Non-Operating Revenue	2,276
Cash Payments for Goods and Services	<u>(3,284,734)</u>
Net Cash Used in Operating Activities	<u>(1,219,246)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Grants Received	1,261,663
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>1,261,663</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash Received from Interest Income	97
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

	42,514
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<b>269,753</b>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b><u>\$ 312,267</u></b>

**RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating Loss	\$ (1,219,363)
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**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Changes in Assets, Liabilities, Deferred Inflows and Outflows of Resources:

Intergovernmental Related to ODE	(43,894)
Accounts Receivable	1,144
Accounts Payable	(3,640)
State Funding Payable	(1,139)
Grant Funding Payable	56,715
Net OPEB Asset	22,971
Net Pension Liability	93,517
Deferred Outflows -Pension	20,826
Deferred Inflows - Pension	(97,486)
Net OPEB Liability	36,967
Deferred Outflows-OPEB	(51,645)
Deferred Inflows-OPEB	<u>(34,220)</u>
<b>Total Adjustments</b>	<b>116</b>
<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (1,219,246)</u></b>

**See accompanying notes to the basic financial statements**

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**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Focus Learning Academy North High School (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with ESchool Consultants, LLC (ESCHOOL) for most functions. See Note 5.

The School was approved for operation under contract with Buckeye Community Hope Foundation (the Sponsor) for a period of three years from July 1, 2012 through June 30, 2015. In June 2015, the School signed a 5 Year agreement with BCHF to end June 30, 2020. In May 2020, the School signed an additional 5 Year agreement with BCHF to end June 30, 2025. The School operates under a self-appointing five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by ESCHOOL. The facility is staffed with teaching personnel employed by ESCHOOL, who provide services to 220 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. BASIS OF PRESENTATION**

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The School uses enterprise accounting to report on its financial activities. 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 all liabilities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows reflects how the School finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

purposes. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

**C. BUDGETARY PROCESS**

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

**D. CASH AND CASH EQUIVALENTS**

All cash received by the School is maintained in a demand deposit account. The School did not have any investments during fiscal year 2024

**E. CAPITAL ASSETS AND DEPRECIATION**

The School operates under a management agreement with ESCHOOL, and as such the School has no capital assets. (See Note 5)

**F. INTERGOVERNMENTAL REVENUES**

The School currently participates in the State Foundation Program, the State Disadvantaged Pupil Impact Aid (DPIA) Program, and the Career Based Intervention (CBI) Program, which are reflected under "State Aid" on the Statement of Revenues, Expenses and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions 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 fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2024 school year totaled \$3,419,175.

**FOCUS NORTH HIGH SCHOOL  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. OPERATING REVENUES AND EXPENSES**

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

**H. NET POSITION**

Net Position represent the difference between all assets plus deferred outflows of resources less all liabilities, plus deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**I. USE OF ESTIMATES**

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**J. PENSIONS**

For purposes of measuring the net pension/OPEB liability or asset, 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.

**K. 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 position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension/OPEB. The deferred outflows of resources related to pension are explained in Note 6 and 7.

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the statement of net position (see Note 6 and 7).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)**

**3. DEPOSITS**

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2024, the carrying amount of the School's deposits was \$312,267 and the bank balance was \$319,452. Of the bank balance, all was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure, \$0 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the School.

**4. RISK MANAGEMENT**

**Property and Liability** - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with ESCHOOL, ESCHOOL has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (See Note 5). The School has zero claims nor has there been any significant reduction in insurance coverage.

**Director and Officer** - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and no deductible.

**Worker's Compensation** – ESCHOOL is responsible for paying the State Workers Compensation System a premium for employee injury coverage.

**5. AGREEMENT WITH ESCHOOL**

Effective July 1, 2015, the School entered into a three-year Management Agreement (Agreement) with ESCHOOL, which is an educational consulting and management company. The Renewal Phase I was in effect through June 30, 2019. The Renewal Phase II provided an additional 5-year extension through June 30, 2024. ESCHOOL is responsible and accountable to the Board for the administration, operation and performance of the School in accordance with the School's contract with Buckeye Community Hope Foundation. The School had purchased service expenses for the year ended June 30, 2024 to ESCHOOL of \$3,168,497. Significant provisions of the Agreement are as follows:

**Management, Consulting, and Operation Fee** The School is required to pay ESCHOOL a monthly continuing fee of 93% of the School's "qualified gross revenues", defined in the Agreement as, "...all educational revenues received from the federal, state, and/or local government...does not include student fees, contributions and PTA/PTO income and misc. revenue received...also does not include any state or federal funding that is meant to be a dollar for dollar reimbursement for expenditures made by the company" and "shall be paid 100% of all contributions and grants not specifically referenced above received by the Non Profit as a result of the company's efforts" The continuing fee is paid to ESCHOOL based on the previous month's qualified gross revenues.

**Other School Financial Responsibilities** The School is responsible for its directors' and officers' insurance, legal fees for School Board representation and general corporate matters, accounting, audit, tax and consulting fees for the School, and other miscellaneous expenses not incurred in the normal day-to-day operation of the School.

FOCUS NORTH HIGH SCHOOL  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)

**5. AGREEMENT WITH ESCHOOL (Continued)**

ESCHOOL Financial Responsibilities Except as otherwise provided in the Agreement, all costs incurred in providing the educational program at the School are to be paid by ESCHOOL. Such costs include, but are not limited to, salaries and benefits for all personnel, curriculum materials, textbooks, library books, computer and other equipment, software, supplies, building payments, maintenance, and capital improvements. All personal property used in the operation of the School is the property of ESCHOOL, unless purchased directly by the School with Federal funds.

ESCHOOL is required to maintain, at ESCHOOL's expense, commercial general liability insurance in the name of the School in an amount not less than \$1 million per occurrence and \$2 million in the aggregate, and excess umbrella liability insurance of not less than \$10 million per occurrence and \$15 million in the aggregate.

Personnel ESCHOOL has the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel, consistent with state and federal law and the Contract.

Compensation and benefits of all employees of the School is paid by ESCHOOL. If ESCHOOL fails to pay this compensation, the School, in its sole discretion, may pay such compensation and offset the amount by withholding an equal amount from the fees owed to ESCHOOL under the Agreement.

Termination by the School The School may terminate the Agreement in the event ESCHOOL materially breaches the Agreement or the Contract and ESCHOOL does not cure the material breach within 30 days of its receipt of written notice from the School, unless the breach cannot be reasonably cured within 30 days, in which case the ESCHOOL shall promptly undertake and continue efforts to cure said material breach within a reasonable time.

Termination by ESCHOOL ESCHOOL may, at its option, terminate the Agreement upon the occurrence of certain events as defined in the Agreement.

**6. DEFINED BENEFIT PENSION PLANS**

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

**A. 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 School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**A. Net Pension Liability/Net OPEB Liability (Asset)(continued)**

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/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)*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable*.

The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

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

Plan Description – School 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, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

***B. Plan Description - School Employees Retirement System (SERS)(continued)***

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 School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School's contractually required contribution to SERS was \$116,237 for fiscal year 2024.

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

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

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

actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was \$100,855 for fiscal year 2024.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date.

**FOCUS NORTH HIGH SCHOOL  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

The School'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	0.0165357%	0.00536703%	
Prior Measurement Date	0.0163179%	0.00491834%	
Change in Proportionate Share	<u>0.0002178%</u>	<u>0.00044869%</u>	
Proportionate Share of the Net Pension Liability	\$ 913,682	\$ 1,155,787	\$ 2,069,469
Pension Expense	\$ 90,712	\$ 143,237	\$ 233,949

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

At June 30, 2024 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 39,273	\$ 42,137	\$ 81,410
Changes of Assumptions	6,472	95,184	101,656
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	8,369	166,879	175,248
School Contributions Subsequent to the Measurement Date	116,237	100,855	217,092
<b>Total Deferred Outflows of Resources</b>	<u>\$ 170,351</u>	<u>\$ 405,055</u>	<u>\$ 575,406</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 2,563	\$ 2,563
Net Difference between Projected and Actual Earnings on Pension Plan Investments	12,845	3,463	16,308
Changes of Assumptions	-	71,646	71,646
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	7,378	64,528	71,906
<b>Total Deferred Inflows of Resources</b>	<u>\$ 20,223</u>	<u>\$ 142,200</u>	<u>\$ 162,423</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

**D. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

\$217,092 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 2,987	\$ 14,638	\$ 17,625
2026	(31,208)	3,700	(27,508)
2027	61,433	132,331	193,764
2028	679	11,331	12,010
Total	<u>\$ 33,891</u>	<u>\$ 162,000</u>	<u>\$ 195,891</u>

**E. 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 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. Future benefits for all current plan members were projected through 2137.

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, 2023 and June 30, 2022, are presented below

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 System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

**E. Actuarial Assumptions - SERS (continued)**

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 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. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

**Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School's net pension liability

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**6. DEFINED BENEFIT PENSION PLANS (Continued)**

***E. Actuarial Assumptions - SERS (continued)***

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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School's Proportionate Share of the Net Pension Liability	\$ 1,348,549	\$ 913,682	\$ 547,391

***F. Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent, based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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.

Actuarial assumptions used in the June 30, 2023 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	<u>1.00</u>	1.00
Total	<u><u>100.00 %</u></u>	

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(Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

*F. Actuarial Assumptions - STRS(continued)*

\*Final target weights reflected at 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.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023.

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

	1% Decrease	Current	Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	\$ 1,777,344	\$ 1,155,787	\$ 630,119	

**Assumption and Benefit Changes Since the Prior Measurement Date** The discount rate remained at 7.00 percent for June 30, 2023, valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

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**7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS**

See Note 6 for a description of the net OPEB liability (asset).

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

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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 2024, 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 2024, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School's surcharge obligation was \$1,822. The surcharge, added to the allocated portion of the 14 percent employer

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7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

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

contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

**C. Net 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, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability (asset) was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0150816%	0.00536703%	
Prior Measurement Date	0.0150635%	0.00491834%	
Change in Proportionate Share	<u>0.0000181%</u>	<u>0.00044869%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$ 248,460	\$ (104,381)	
OPEB Expense	\$ (19,689)	\$ (4,416)	\$ (24,105)

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, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)**

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 520	\$ 163	\$ 683
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,927	187	2,114
Changes of Assumptions	84,014	15,380	99,394
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	12,009	1,331	13,340
School Contributions Subsequent to the Measurement Date	1,822	-	1,822
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 100,292</u></b>	<b><u>\$ 17,061</u></b>	<b><u>\$ 117,353</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 128,139	\$ 15,922	\$ 144,061
Changes of Assumptions	70,567	68,868	139,435
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	36,753	3,338	40,091
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 235,459</u></b>	<b><u>\$ 88,128</u></b>	<b><u>\$ 323,587</u></b>

\$1,822 reported as deferred outflows of resources related to OPEB resulting from School 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, 2025. 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
<b>Fiscal Year Ending June 30:</b>			
2025	\$ (40,298)	\$ (30,379)	\$ (70,677)
2026	(34,359)	(14,090)	(48,449)
2027	(22,189)	(5,928)	(28,117)
2028	(16,344)	(7,750)	(24,094)
2029	(13,340)	(7,089)	(20,429)
Thereafter	<u>(10,459)</u>	<u>(5,831)</u>	<u>(16,290)</u>
<b>Total</b>	<b><u>\$ (136,989)</u></b>	<b><u>\$ (71,067)</u></b>	<b><u>\$ (208,056)</u></b>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

*D. 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:

	June 30, 2023
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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 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 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

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**7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)**

***D. Actuarial Assumptions - SERS(continued)***

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 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

***Discount Rate*** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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 be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after

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**7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)**

**D. Actuarial Assumptions - SERS(continued)**

the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

**Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	Current		
	1% Decrease	Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	\$ 317,604	\$ 248,460	\$ 193,939
	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	\$ 182,536	\$ 248,460	\$ 335,821

**E. Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 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 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

**E. Actuarial Assumptions – STRS(continued)**

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.

Actuarial assumptions used in the June 30, 2023, 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>	

\*Final target weights reflected at 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.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023

**Sensitivity of the School'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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)**

***E. Actuarial Assumptions – STRS(continued)***

	1% Decrease	Current		1% Increase
		Discount Rate	Trend Rate	
School's Proportionate Share of the Net OPEB (Asset)	\$ (88,345)	\$ (104,381)	\$ (118,347)	
School's Proportionate Share of the Net OPEB (Asset)	\$ (118,995)	\$ (104,381)	\$ (86,779)	

***Assumption Changes Since the Prior Measurement Date*** The discount rate remained unchanged at 7.00 percent for the June 30, 2023, valuation.

***Benefit Term Changes Since the Prior Measurement Date*** Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

**8. MANAGEMENT COMPANY EXPENSES**

For the year ended June 30, 2024, ESCOOL Consultants, LLC and its affiliates incurred the following expenses on behalf of the School.

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Vocational Instruction (1300 Function codes)	Other Instruction (1400 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
<b>Direct expenses:</b>							
Salaries & wages (100 object codes)	431,413.83	152,409.31	143,171.13		561,426.62		1,288,420.89
Employees' benefits (200 object codes)	139,166.99	18,216.81	15,529.89		183,927.70		356,861.39
Professional & technical services (410 object codes)					4,656.17		4,656.17
Property services (420 object codes)					242,056.84		242,056.84
Utilities (450 object codes)	299.90				38,731.66		39,031.56
Contracted craft or trade services (460 object codes)			23,000.00		46,841.02		69,841.02
Transportation (480 object codes)					12,393.61		12,393.61
Other purchased services (490 object codes)	364.73	3,973.76			66,972.08	16,235.31	87,545.88
Supplies (500 object codes)	112,750.48		180,412.56		15,030.00	2,529.33	310,722.37
Other direct costs (All other object codes)					32,111.14	36,492.54	68,603.68
<b>Indirect expenses:</b>							
Overhead					336,412.99		336,412.99
<b>Total expenses</b>	<b>684,015.93</b>	<b>174,599.88</b>	<b>362,113.58</b>	<b>-</b>	<b>1,540,745.83</b>	<b>55,257.18</b>	<b>2,816,732.40</b>

Overhead charges are assigned to the School based on a percentage of revenue. 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.

**9. CONTINGENCIES**

**A. Grants**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School.

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**B. Full Time Equivalency**

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2024 and determined the School was due \$42,680. This amount is included in intergovernmental receivable on the statement of net position.

As of the date of this report, additional ODE adjustments for fiscal year 2024 are finalized.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2024 are finalized.

**Litigation**

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

**10. FEDERAL TAX STATUS**

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization.

**11. SPONSORSHIP FEES**

The School contracts with Buckeye Community Hope Foundation (BCHF) to be its sponsor effective June 1, 2016 through June 30, 2020. In June 2016, the School signed a 5-year agreement with BCHF to end June 30, 2020. In May 2020, the School signed an additional 5 Year agreement with BCHF to end June 30, 2025. The contract states "...the annual sponsorship fee to be paid to Buckeye Community Hope Foundation be set at 3% of the State's annual School Foundation support..." The Sponsor is to provide oversight, monitoring, and technical assistance for the School. The amount paid to BCHF for fiscal year 2024 was \$83,104.

**12. RECEIVABLES**

At fiscal year-end, intergovernmental receivables, consisting primarily of federal grants, totaled \$227,564. All intergovernmental receivables are considered collectible within one year.

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JUNE 30, 2024  
(Continued)**

**13. PAYABLES**

The school had grants payable due to the management company in the amount of \$197,677.

**Focus North High School**  
**Franklin County, Ohio**  
*Required Supplementary Information-Pensions*  
*Schedule of the School's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years (1)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>State Teachers Retirement System (STRS)</b>										
School's Proportion of the Net Pension Liability	0.00536703%	0.00491834%	0.00392023%	0.01608830%	0.00488640%	0.00431935%	0.00427826%	0.00417596%	0.00380150%	0.00396250%
School's Proportionate Share of the Net Pension Liability	\$ 1,155,787	\$ 1,093,353	\$ 501,236	\$ 1,064,114	\$ 1,080,591	\$ 949,728	\$ 1,016,310	\$ 1,397,820	\$ 1,050,623	\$ 963,817
School's Covered Payroll	\$ 724,914	\$ 639,407	\$ 483,729	\$ 564,021	\$ 563,986	\$ 491,036	\$ 470,336	\$ 436,114	\$ 454,114	\$ 356,231
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	103.62%	188.67%	191.60%	193.41%	216.08%	320.52%	231.36%	270.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	68.55%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%
<b>School Employees Retirement System (SERS)</b>										
School's Proportion of the Net Pension Liability	0.01653570%	0.01631790%	0.01671950%	0.00445343%	0.01445720%	0.01550440%	0.01586280%	0.01612490%	0.01689930%	0.02265900%
School's Proportionate Share of the Net Pension Liability	\$ 913,682	\$ 882,599	\$ 616,901	\$ 1,077,572	\$ 865,000	\$ 887,966	\$ 947,767	\$ 1,180,194	\$ 964,290	\$ 1,146,759
School's Covered Payroll	\$ 655,664	\$ 610,871	\$ 577,114	\$ 543,671	\$ 494,733	\$ 508,511	\$ 522,700	\$ 559,457	\$ 776,229	\$ 679,978
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.35%	144.48%	106.89%	198.20%	174.84%	174.62%	181.32%	210.95%	124.23%	168.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	75.50%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

(1) Information prior to 2015 is not available.

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

**Focus North High School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School's Proportionate Share of the Net OPEB Liability/(Asset)*  
*Last Eight Fiscal Years (1)*

	2024	2023	2022	2021	2020	2019	2018	2017
<b>School Employees Retirement System (SERS)</b>								
School's Proportion of the Net OPEB Liability	0.0150816%	0.015064%	0.015500%	0.014954%	0.01399780%	0.01420700%	0.01442270%	0.01486521%
School's Proportionate Share of the Net OPEB Liability	\$ 248,460	\$ 211,493	\$ 293,343	\$ 325,004	\$ 352,015	\$ 394,141	\$ 387,067	\$ 423,713
School's Covered Payroll	\$ 655,664	\$ 610,871	\$ 577,114	\$ 564,021	\$ 494,733	\$ 508,511	\$ 522,700	\$ 559,457
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.89%	34.62%	50.83%	57.62%	71.15%	77.51%	74.05%	75.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%
<b>State Teachers Retirement System (STRS)</b>								
School's Proportion of the Net OPEB Liability/(Asset)	0.00536703%	0.00491834%	0.00392000%	0.00445300%	0.00431935%	0.00431935%	0.00427826%	0.00417596%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (104,381)	\$ (127,352)	\$ (82,650)	\$ (78,261)	\$ (69,408)	\$ (69,408)	\$ 166,922	\$ 223,331
School's Covered Payroll	\$ 724,914	\$ 639,407	\$ 483,729	\$ 543,671	\$ 491,036	\$ 491,036	\$ 470,336	\$ 436,114
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-14.40%	-19.92%	-17.09%	-14.39%	-14.14%	-14.14%	35.49%	51.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.52%	230.73%	174.73%	182.10%	176.00%	176.00%	47.10%	37.30%

(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.

**Focus North High School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School's Contributions - Pensions*  
*Last Ten Fiscal Years*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b><i>State Teachers Retirement System (STRS)</i></b>										
Contractually Required Contribution	\$ 100,855	\$ 101,488	\$ 89,517	\$ 67,722	\$ 76,114	\$ 78,958	\$ 68,745	\$ 65,847	\$ 61,056	\$ 63,576
Contributions in Relation to the Contractually Required Contribution	(100,855)	(101,488)	(89,517)	(67,722)	(76,114)	(78,958)	(68,745)	(65,847)	(61,056)	(63,576)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
School's Covered Payroll	\$ 720,393	\$ 724,914	\$ 639,407	\$ 483,729	\$ 543,671	\$ 563,986	\$ 491,036	\$ 470,336	\$ 436,114	\$ 454,114
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<b><i>School Employees Retirement System (SERS)</i></b>										
Contractually Required Contribution	\$ 116,237	\$ 91,793	\$ 85,522	\$ 80,796	\$ 78,963	\$ 66,789	\$ 68,649	\$ 73,178	\$ 78,324	\$ 102,307
Contributions in Relation to the Contractually Required Contribution	(116,237)	(91,793)	(85,522)	(80,796)	(78,963)	(66,789)	(68,649)	(73,178)	(78,324)	(102,307)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
School's Covered Payroll	\$ 830,264	\$ 655,664	\$ 610,871	\$ 577,114	\$ 564,021	\$ 494,733	\$ 508,511	\$ 522,700	\$ 559,457	\$ 776,229
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

**Focus North High School**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School's Contributions - OPEB*  
*Last Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>School Employees Retirement System (SERS)</b>										
Contractually Required Contribution (1)	\$ 1,822	\$ 593	\$ 1,543	\$ 1,921	\$ 1,374	\$ 7,184	\$ 2,659	\$ 678	\$ 1,191	\$ 7,135
Contributions in Relation to the Contractually Required Contribution	(1,822)	(593)	(1,543)	(1,921)	(1,374)	(7,184)	(2,659)	(678)	(1,191)	(7,135)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
School's Covered Payroll	\$ 830,264	\$ 655,664	\$ 610,871	\$ 577,114	\$ 564,021	\$ 494,733	\$ 508,511	\$ 522,700	\$ 559,457	\$ 776,229
OPEB Contributions as a Percentage of Covered Payroll (1)	0.22%	0.09%	0.25%	0.33%	0.24%	1.45%	0.52%	0.13%	0.21%	0.92%
<b>State Teachers Retirement System (STRS)</b>										
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0	0	0	0	0	0
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
School's Covered Payroll	\$ 720,393	\$ 724,914	\$ 639,407	\$ 483,729	\$ 543,671	\$ 563,986	\$ 491,036	\$ 470,336	\$ 436,114	\$ 454,114
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

## Focus North High School

### Franklin County, Ohio

#### Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

### 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***

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

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Years 2016 and Prior
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00% 7.75% net of
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates 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. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

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

For fiscal year 2022, COLA were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA were reduced from 2.50 percent to 2.00 percent.

## Focus North High School

### Franklin County, Ohio

#### Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

## 1. NET PENSION LIABILITY (continued)

### ***Changes in Benefit Terms – SERS (continued)***

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.

### ***Changes in Assumptions – STRS***

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

	Fiscal Years 2022 and 2023	Fiscal Years 2021-2018	Fiscal Years 2017 and Prior
	2.50%	2.50%	2.75%
Inflation	2.50%	2.50%	2.75%
Projected Salary Increases	From 2.50% to 12.50% based on age	From 12.50% at age 20 to 2.50% at age 65	From 12.25% at age 20 to 2.75% at age 70
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

Beginning with fiscal year 2022, 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. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

**Focus North High School**  
**Franklin County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

**1. NET PENSION LIABILITY (continued)**

***Changes in Assumptions – STRS (continued)***

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

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

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

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

***Changes in Assumptions – SERS***

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

	<u>Fiscal Years 2023 and 2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

**Focus North High School**  
**Franklin County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

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

***Changes in Assumptions – SERS (continued)***

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

<u>Assumption</u>	<u>Fiscal Year</u>							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Bond Index Rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%

***Changes in Assumptions – STRS***

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

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

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

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 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***

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non- Medicare frozen subsidy

## **Focus North High School**

**Franklin County, Ohio**

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024*

### **2. NOTE 2 - NET OPEB LIABILITY (ASSET) (continued)**

#### ***Changes in Benefit Terms – STRS (continued)***

base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely

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

Focus North High School  
Franklin County  
4807 Evanswood Drive  
Columbus, Ohio 43229

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Focus North High School, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 19, 2025.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 have not been identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Focus North High School

Franklin County

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

Page 2

**Purpose of This Report**

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

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates  
Certified Public Accountants

February 19, 2025

**FOCUS NORTH HIGH SCHOOL  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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The prior audit report, as of June 30, 2023, included no findings or management letter recommendations.

# OHIO AUDITOR OF STATE KEITH FABER



FOCUS NORTH HIGH SCHOOL

FRANKLIN COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/15/2025

65 East State 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)