



OHIO AUDITOR OF STATE
KEITH FABER



THE GRAHAM SCHOOL
FRANKLIN COUNTY
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Graham School
Franklin County
3950 Indianola Ave.
Columbus, Ohio 43214

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The Graham School, Franklin County, Ohio as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TGS's basic financial statements. The Schedule of Management Company Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025, on our consideration of TGS's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TGS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TGS's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2025

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The Graham School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Our discussion and analysis of The Graham School (TGS) financial performance provides an overall review of TGS' financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at TGS' financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the TGS' financial performance.

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

FINANCIAL HIGHLIGHTS -

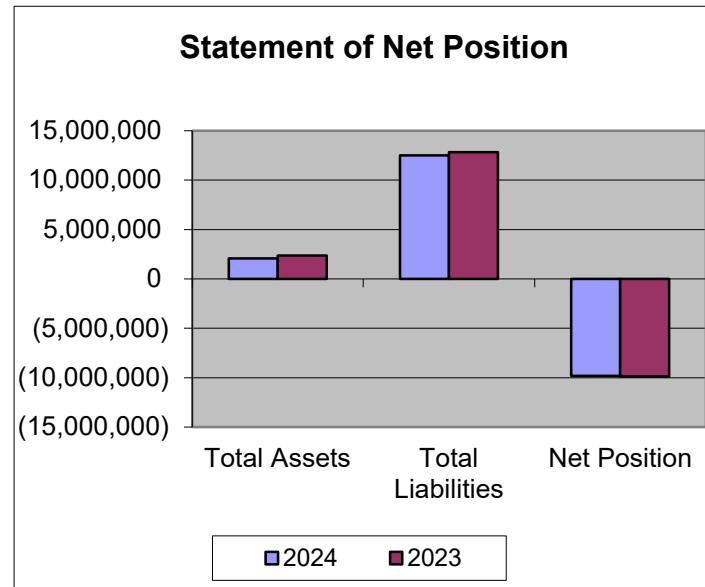
Key Financial Highlights for TGS for the fiscal year 2024 are as follows:

- In total, net position increased \$54,979 from 2023.

USING THIS ANNUAL REPORT

This report consists of required supplementary information, the basic financial statements, notes to the basic financial statements and notes to the required supplementary information. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how TGS did financially during fiscal year 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 TGS' net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of TGS has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include TGS' student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs, and other factors.

TGS uses enterprise presentation for all its activities.

The Graham School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Table 1 provides a summary of TGS' net position for fiscal years 2024 and 2023.

Table 1
Statement of Net Position

	2024	2023	Change
Assets			
Current Assets	\$ 484,741	\$ 427,716	\$ 57,025
Net OPEB Asset	834,292	1,149,153	(314,861)
Capital Assets, Net	<u>747,317</u>	<u>797,620</u>	<u>(50,303)</u>
Total Assets	<u>2,066,350</u>	<u>2,374,489</u>	<u>(308,139)</u>
Deferred Outflows of Resources			
Pension & OPEB	<u>2,852,404</u>	<u>3,363,293</u>	<u>(510,889)</u>
Liabilities			
Current Liabilities	755,717	622,790	132,927
Long Term Liabilities	<u>11,741,330</u>	<u>12,191,332</u>	<u>(450,002)</u>
Total Liabilities	<u>12,497,047</u>	<u>12,814,122</u>	<u>(317,075)</u>
Deferred Inflows of Resources			
Pension & OPEB	<u>2,242,080</u>	<u>2,799,012</u>	<u>(556,932)</u>
Net Position			
Net Investment in Capital Assets	469,262	471,428	(2,166)
Restricted	834,292	364,143	470,149
Unrestricted	<u>(11,123,927)</u>	<u>(10,710,923)</u>	<u>(413,004)</u>
Total Net Position	<u>\$ (9,820,373)</u>	<u>\$ (9,875,352)</u>	<u>\$ 54,979</u>

The net pension liability (NPL) is the largest single liability reported by TGS at June 30, 2024, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, TGS also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of TGS's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

The Graham School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

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

The Graham School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

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

The increase in current assets is primarily due to an increase in cash and cash equivalents from increased services to schools and operating revenues that outpaced expenses. Current liabilities increased from accrued wages due to inflationary increases, additional employees to accommodate increased enrollment and timing of pay periods.

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

Statement of Revenues, Expenses and Changes in Net Position

Table 2 shows the change in net position for fiscal years 2024 and 2023:

Table 2
Change in Net Position

	2024	2023	Change
Operating Revenue			
State Foundation and Facilities Funding	\$ 1,792,083	\$ 1,410,720	\$ 381,363
Services to Schools	7,931,780	6,849,100	1,082,680
Other Operating Revenues	56,176	57,776	(1,600)
Total Operating Revenues	<u>9,780,039</u>	<u>8,317,596</u>	<u>1,462,443</u>
Operating Expenses			
Salaries	7,355,395	6,841,180	514,215
Fringe Benefits	1,871,891	2,361,282	(489,391)
Purchased Services	713,453	691,638	21,815
Materials and Supplies	143,286	163,058	(19,772)
Depreciation/Amortization Expense	72,858	78,381	(5,523)
Other Operating Expense	71,582	67,486	4,096
Total Operating Expenses	<u>10,228,465</u>	<u>10,203,025</u>	<u>25,440</u>
Non-Operating Revenue (Expenses)			
Grants	447,205	1,252,712	(805,507)
Contributions & Donations	46,486	71,815	(25,329)
Investment Earnings	11,663	14,050	(2,387)
Forgiveness of Receivables	(73,983)	-	(73,983)
Forgiveness of Payables	90,276	346,828	(256,552)
Loss on Disposal of Capital Asset	(10,636)	(11,318)	682
Interest and Fiscal Charges	(7,606)	(9,804)	2,198
Net Non-Operating Revenue (Expenses)	<u>503,405</u>	<u>1,664,283</u>	<u>(1,160,878)</u>
Increase (Decrease) in Net Position	<u>54,979</u>	<u>(221,146)</u>	<u>276,125</u>
Net Position at Beginning of Year	<u>(9,875,352)</u>	<u>(9,654,206)</u>	<u>(221,146)</u>
Net Position at End of Year	<u>\$ (9,820,373)</u>	<u>\$ (9,875,352)</u>	<u>\$ 54,979</u>

The Graham School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

During 2024, services to schools increased due to an increase in grant services provided to GEMS and The Charles School at Ohio Dominican University (TCS) and changes in the funding formula for GEMS and TCS, which increased their operating revenues, respectively. Per management agreements, as TCS and GEMS enrollment increases and operating revenues increase, the amount of management fees TGS collects also increases. TGS operating revenues from state aid increased from an increase in enrollment. Nonoperating grants revenue decreased during the year as a result of expiration of ESSER funding. The fluctuations in forgiveness of payables/receivables are related to the reconciliation of amounts owed between TGS, GEMS and TCS that the Board forgives annually.

Salaries increased due to inflationary increases and a result of increased enrollment at TGS. The changes in fringe benefits are primarily associated to changes in the TGS's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

CAPITAL ASSETS

In fiscal year 2024, capital assets decreased due to depreciation and disposals exceeding additions. Detailed information regarding capital asset activity is included in the Note 5 to the basic financial statements.

DEBT OBLIGATIONS

Outstanding debt decreased in fiscal year 2024 due to principal retirements. See Note 11 for additional details.

OTHER INFORMATION

For the Future

Our financial position continued to be stable during fiscal year 2024. Staffing is evaluated annually based on student enrollment and grant funding available.

CONTACTING THE GRAHAM SCHOOL'S FINANCIAL MANAGEMENT

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

The Graham School
Franklin County, Ohio
Statement of Net Position
June 30, 2024

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 405,559
Beneficial Interest in Assets Held By Others	22,612
Intergovernmental Receivable	56,570
<i>Total Current Assets</i>	<u>484,741</u>

Noncurrent Assets:

Net OPEB Asset	834,292
Capital Assets:	
Non-Depreciable Capital Assets	141,800
Depreciable Capital Assets, net	605,517
<i>Total Noncurrent Assets</i>	<u>1,581,609</u>

Total Assets

2,066,350

Deferred Outflows of Resources

Pension	2,528,690
OPEB	323,714
Total Deferred Outflows of Resources	<u>2,852,404</u>

Liabilities

Current Liabilities:

Accounts Payable	37,473
Accrued Wages and Benefits	565,916
Intergovernmental Payable	102,974
Notes Payable, current portion	49,354
<i>Total Current Liabilities</i>	<u>755,717</u>

Long-Term Liabilities:

Net Pension Liability	11,023,447
Net OPEB Liability	489,182
Notes Payable, net of current portion	228,701
<i>Total Long-Term Liabilities</i>	<u>11,741,330</u>

Total Liabilities

12,497,047

Deferred Inflows of Resources

Pension	1,029,247
OPEB	1,212,833
Total Deferred Inflows of Resources	<u>2,242,080</u>

Net Position

Net Investment in Capital Assets	469,262
Restricted for OPEB	834,292
Unrestricted	(11,123,927)
Total Net Position	<u>\$ (9,820,373)</u>

See accompanying notes to the basic financial statements

The Graham School
Franklin County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

Operating Revenues

State Aid	\$ 1,656,763
Casino Tax	8,999
Facilities Funding	135,320
Classroom Fees	7,920
Services to Schools	7,931,780
Other Operating	<u>39,257</u>
	<u>9,780,039</u>

Total Operating Revenues

Operating Expenses

Salaries	7,355,395
Fringe Benefits	1,871,891
Purchased Services	713,453
Materials and Supplies	143,286
Depreciation/Amortization	72,858
Other	<u>71,582</u>
	<u>10,228,465</u>

Total Operating Expenses

Operating Income/(Loss) (448,426)

Non-Operating Revenues (Expenses)

Grants	447,205
Contributions & Donations	46,486
Investment Earnings	11,663
Forgiveness of Receivables	(73,983)
Forgiveness of Payables	90,276
Loss on Disposal of Capital Asset	(10,636)
Interest and Fiscal Charges	<u>(7,606)</u>
	<u>503,405</u>

Net Non-Operating Revenues (Expenses)

Change in Net Position 54,979

Net Position Beginning of Year (9,875,352)

Net Position End of Year \$ (9,820,373)

See accompanying notes to the basic financial statements

The Graham School
Franklin County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State of Ohio	\$ 1,788,255
Cash Received from Other Operating Sources	8,004,249
Cash Payments for Goods and Services	(858,056)
Cash Payments to Employees for Services	(9,244,370)
Other Cash Payments	(71,582)
Net Cash Used for Operating Activities	(381,504)

Cash Flows from Noncapital Financing Activities

Cash Received from Grants	567,684
Cash Received from Contributions and Donations	46,486
Net Cash Provided by Noncapital Financing Activities	614,170

Cash Flows from Capital and Related Financing Activities

Cash Payments for Capital Assets	(33,191)
Cash Payments for Interest and Fiscal Charges	(7,606)
Cash Payments for Principal Payments	(48,137)
Net Cash Used for Capital Financing Activities	(88,934)

Cash Flows from Investing Activities

Investment Income	10,624
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Net Increase (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents Beginning of Year	154,356
Cash and Cash Equivalents End of Year	251,203
\$	405,559

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

Operating Income (Loss)	\$ (448,426)
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**Adjustments to Reconcile Operating Income (Loss) to
Net Cash Used for Operating Activities**

Depreciation/Amortization	72,858
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Changes in Assets and Liabilities and Deferred Inflows/Outflows of Resources

Intergovernmental Receivable	(22,109)
Net OPEB Asset	314,861
Deferred Outflows of Resources - Pension/OPEB	510,889
Accounts Payable	5,493
Accrued Wages and Benefits	55,930
Intergovernmental Payable	86,580
Net Pension/OPEB Liability	(400,648)
Deferred Inflows of Resources - Pension/OPEB	(556,932)
Net Cash Used for Operating Activities	\$ (381,504)

Supplemental Non-Cash Financing Activities

During fiscal year 2024, TGS forgave a receivable of \$73,983 from TCS and received forgiveness of \$90,276 from GEMS.

See accompanying notes to the basic financial statements

The Graham School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

1. DESCRIPTION OF THE REPORTING ENTITY

The Graham School (TGS) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. TGS is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect TGS' tax-exempt status. TGS' objective is to use the Columbus community to form partnerships for student learning. Individualized programs are used to meet students' needs. Parents and students are included in all decision-making. TGS, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. TGS may acquire facilities as needed and contract for any services necessary for its operation.

TGS was approved for operation under a contract with the Educational Service Center of Central Ohio (the Sponsor) commencing July 1, 2009. TGS has subsequently renewed the contract through June 30, 2025. The Sponsor is responsible for evaluating the performance of TGS and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

TGS is associated with the following jointly governed organization:

META Solutions

Effective July 1, 2017, TGS became a participant in META (Metropolitan Educational Technology Association) Solutions. META Solutions is an association of public school districts throughout Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META Solutions consists of the superintendent from 11 member districts. During fiscal year 2024, TGS paid \$42,526 to META Solutions for various services. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Graham School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases and decreases in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when earned and expenses are recognized when they are incurred.

C. Budgetary Process

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

D. Cash and Investments

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

E. Prepaid Items

TGS records payments made to vendors for services that will benefit future periods using the consumption method. No prepaid items were recorded at June 30, 2024. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is recorded in the year in which the services are consumed.

F. Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. TGS' capitalization threshold is one thousand dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

G. Intergovernmental Revenues

TGS currently participates in the state's foundation, facilities aid and casino tax programs. Revenues received from these programs are recognized as operating revenues in the accounting period in which they are earned and become measurable.

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

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

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

H. Net Position

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

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

I. Operating Revenues and Expenses

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

J. Estimates

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

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K. Pension and Other Postemployment Benefits (OPEB)

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For TGS, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For TGS, deferred inflows of resources include pension and OPEB, which are reported on the statement of net position. (See Notes 7 and 8).

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At fiscal year-end, \$252,619 of TGS' bank balance of \$265,848 was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by TGS. Custodial credit risk for deposits is the risk that in the event of a bank failure, TGS will not be able to recover deposits or collateral securities that are in possession of an outside party. TGS does not have a policy for custodial credit risk.

B. Investments

TGS has received donations in the form of equity stock. The investment banker, Morgan Stanley Smith Barney, LLC holds the investment. The carrying value of the equity stock is recorded at its fair value at June 30, 2024. TGS is exposed to market and custodial risk on this investment to the extent of the value of the equity stock, and any undistributed earnings.

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At fiscal year-end, TGS had the following investments:

S&P Global Rating	Investment Type	Measurement Amount	Maturity		Percent of Total
			0 - 12 Months	13 - 24 Months	
Net Asset Value (NAV):					
AAAm	Money Market	\$ 1,146	\$ 1,146		0.50%
Fair Value:					
A+	Morgan Stanley Securities	24,133	24,133		10.48%
N/A	U.S. Treasury Bills	205,019	205,019		89.02%
Total		<u>\$ 230,298</u>	<u>\$ 230,298</u>		<u>100.00%</u>

TGS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies TGS's recurring fair value measurements as of June 30, 2024. All investments of TGS are valued using quoted market prices (Level 1 inputs).

4. RECEIVABLES

At June 30, 2024, TGS had intergovernmental receivables. Intergovernmental receivables are amounts due from Ohio Department of Education and Workforce (DEW) related to federal grants, state aid and overpayments to pension system. All receivables are expected to be collected within one year.

5. CAPITAL ASSETS

At June 30, 2024, the following table represents TGS' changes in capital assets. Capital assets are considered depreciable, except for land.

	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 141,800	\$ -	\$ -	\$ 141,800
<i>Capital Assets Being Depreciated/Amortized</i>				
Building	1,108,200	-	(16,400)	1,091,800
Improvements	810,973	-	-	810,973
Furniture and Equipment	204,188	33,191	(31,769)	205,610
<i>Total Capital Assets Being Depreciated/Amortized</i>	<u>2,123,361</u>	<u>33,191</u>	<u>(48,169)</u>	<u>2,108,383</u>
<i>Accumulated Depreciation/Amortization</i>				
Building	(609,100)	(27,295)	8,610	(627,785)
Improvements	(782,766)	(8,059)	-	(790,825)
Furniture and Equipment	(75,675)	(37,504)	28,923	(84,256)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(1,467,541)</u>	<u>(72,858)</u>	<u>37,533</u>	<u>(1,502,866)</u>
<i>Total Capital Assets Being Depreciated/Amortization</i>	<u>655,820</u>	<u>(39,667)</u>	<u>(10,636)</u>	<u>605,517</u>
Capital Assets, Net	<u>\$ 797,620</u>	<u>\$ (39,667)</u>	<u>\$ (10,636)</u>	<u>\$ 747,317</u>

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6. RISK MANAGEMENT

A. Insurance Coverage

TGS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended 2024, TGS contracted with the Philadelphia Insurance Co. Settled claims have not exceeded this coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior fiscal year.

B. Workers' Compensation

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

C. Employee Medical, Dental and Vision Benefits

TGS has contracted through an independent agent to provide employee medical, dental, and vision insurance to its full-time employees.

7. DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)*. 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 8 for the required OPEB disclosures.

Plan Description - TGS Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the TGS is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 TGS’s contractually required contribution to SERS was \$166,595 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity

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of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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 TGS's contractually required contribution to STRS was \$839,383 for fiscal year 2024.

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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. The TGS's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0323148%	0.04289721%	
Prior Measurement Date	0.0305720%	0.04438028%	
Change in Proportionate Share	<u>0.0017428%</u>	<u>-0.00148307%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 1,785,560	\$ 9,237,887	\$ 11,023,447
Pension Expense	\$ 163,627	\$ 798,833	\$ 962,460

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 76,748	\$ 336,794	\$ 413,542
Changes of Assumptions	12,649	760,790	773,439
Changes in Proportion and Differences between			
TGS Contributions and Proportionate			
Share of Contributions	67,881	267,850	335,731
TGS Contributions Subsequent to the			
Measurement Date	166,595	839,383	1,005,978
Total Deferred Outflows of Resources	<u>\$ 323,873</u>	<u>\$ 2,204,817</u>	<u>\$ 2,528,690</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 20,501	\$ 20,501
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	25,095	27,687	52,782
Changes of Assumptions	-	572,656	572,656
Changes in Proportion and Differences between			
TGS Contributions and Proportionate			
Share of Contributions	82,616	300,692	383,308
Total Deferred Inflows of Resources	<u>\$ 107,711</u>	<u>\$ 921,536</u>	<u>\$ 1,029,247</u>

\$1,005,978 reported as deferred outflows of resources related to pension resulting from TGS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (43,279)	\$ (41,554)	\$ (84,833)
2026	(41,902)	(245,085)	(286,987)
2027	133,417	848,825	982,242
2028	1,331	(118,288)	(116,957)
Total	\$ 49,567	\$ 443,898	\$ 493,465

Actuarial Assumptions - SERS

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

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

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

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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 Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. 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 TGS's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the TGS's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the TGS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

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	Current		
	1% Decrease	Discount Rate	1% Increase
TGS's Proportionate Share of the Net Pension Liability	\$ 2,635,394	\$ 1,785,560	\$ 1,069,735

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>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.

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

	1% Decrease	Current Discount Rate	1% Increase
TGS's Proportionate Share of the Net Pension Liability	\$ 14,205,826	\$ 9,237,887	\$ 5,036,371

Assumption and Benefit Changes Since the Prior Measurement Date Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

8. DEFINED BENEFIT OPEB PLANS

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

Plan Description - TGS Employees Retirement System (SERS)

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

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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 \$30,000. 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 TGS's surcharge obligation was \$5,361. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The TGS's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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 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.

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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 TGS's proportion of the net OPEB liability (asset) was based on the TGS's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0296934%	0.04289721%	
Prior Measurement Date	0.0280563%	0.04438028%	
Change in Proportionate Share	<u>0.0016371%</u>	<u>-0.00148307%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$ 489,182	\$ (834,292)	
OPEB Expense	\$ (58,042)	\$ (24,909)	\$ (82,951)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 1,022	\$ 1,300	\$ 2,322
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,791	1,490	5,281
Changes of Assumptions	165,411	122,904	288,315
Changes in Proportion and Differences between TGS Contributions and Proportionate Share of Contributions	6,637	15,798	22,435
TGS Contributions Subsequent to the Measurement Date	5,361	-	5,361
Total Deferred Outflows of Resources	<u>\$ 182,222</u>	<u>\$ 141,492</u>	<u>\$ 323,714</u>

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 252,291	\$ 127,251	\$ 379,542
Changes of Assumptions	138,930	550,452	689,382
Changes in Proportion and Differences between TGS Contributions and Proportionate Share of Contributions	132,564	11,345	143,909
Total Deferred Inflows of Resources	<u>\$ 523,785</u>	<u>\$ 689,048</u>	<u>\$ 1,212,833</u>

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\$5,361 reported as deferred outflows of resources related to OPEB resulting from TGS contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (100,682)	\$ (240,309)	\$ (340,991)
2026	(91,425)	(116,414)	(207,839)
2027	(63,693)	(42,101)	(105,794)
2028	(43,315)	(57,292)	(100,607)
2029	(32,466)	(52,474)	(84,940)
Thereafter	<u>(15,343)</u>	<u>(38,966)</u>	<u>(54,309)</u>
Total	<u><u>\$ (346,924)</u></u>	<u><u>\$ (547,556)</u></u>	<u><u>\$ (894,480)</u></u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

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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 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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 on April 15, 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 (expected return, net of investment expense and inflation) 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.

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The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 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 TGS's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 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).

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	1% Decrease	Current Discount Rate	1% Increase
	1% Decrease	Current Trend Rate	1% Increase
TGS's Proportionate Share of the Net OPEB Liability	\$ 625,315	\$ 489,182	\$ 381,836
	\$ 359,385	\$ 489,182	\$ 661,181

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	3.00 percent	3.00 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 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.

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Actuarial assumptions used in the June 30, 2023, valuation is 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**	
	26.00	%	6.60	%
Domestic Equity	22.00		6.80	
International Equity	19.00		7.38	
Alternatives	22.00		1.75	
Real Estate	10.00		5.75	
Liquidity Reserves	1.00		1.00	
Total	100.00	%		

*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 TGS's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
TGS's Proportionate Share of the Net OPEB (Asset)	\$ (706,119)	\$ (834,292)	\$ (945,917)
	1% Decrease	Current	1% Increase
	1% Decrease	Trend Rate	1% Increase
TGS's Proportionate Share of the Net OPEB (Asset)	\$ (951,096)	\$ (834,292)	\$ (693,602)

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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.

9. CONTINGENCIES

A. Grants

TGS receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the operating fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of TGS at June 30, 2024.

B. Litigation

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

10. LONG-TERM OBLIGATIONS

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

	<u>Outstanding</u> <u>6/30/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>6/30/2024</u>	Amounts Due in One Year
<i>Direct Borrowing:</i>					
Dantomka Ltd.	\$ 326,192	\$ -	\$ 48,137	\$ 278,055	\$ 49,354

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

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

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

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

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2025	\$ 49,354	\$ 6,388	\$ 55,743
2026	50,602	5,140	55,743
2027	51,882	3,861	55,743
2028	53,194	2,549	55,743
2029	54,539	1,203	55,743
2030	18,484	96	18,580
Total	<u>\$ 278,055</u>	<u>\$ 19,238</u>	<u>\$ 297,292</u>

11. SPONSOR

On May 13, 2014, a sponsorship agreement was executed between TGS and the Educational Service Center of Central Ohio for a two (2) year period beginning July 1, 2014. In July 2014, the contract was extended for three years through June 2017. Additional two year extensions extended this contract through June 30, 2019 and most currently, through June 30, 2026. Under this agreement, TGS pays the Sponsor “up to” three (3) percent of State Aid (see Note 2.). TGS sponsor fee expense at June 30, 2024 totaled \$54,359.

12. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Columbus Foundation holds in trust a money market account valued at \$22,612 at June 30, 2024. The account is a designated fund which is to be used for the renovation of TGS’ property. The investment is not held in TGS’ name. In the event all assets are not required to renovate the property, any remaining assets may be used for its operating needs.

13. MANAGEMENT AGREEMENT WITH THE CHARLES SCHOOL (TCS)

TGS entered into a management agreement with TGS. Per the contract, TGS receives a base fee of three (3) percent of TCS’ state foundation, and reimbursement of all direct costs for expenses incurred under the federal Title programs. TGS also receives up to ninety-five (95) percent of TCS’ federal and state awards, after a minimum of five (5) percent is spent by TCS to pay its direct expenses. TCS management fee expense for the fiscal year total \$4,118,671, as reported in the TCS Statement of Revenues, Expenses and Changes in Net Position. Of this fee, \$3,113,978 was for general fund related fees and \$904,520 was for grant related reimbursements. The remainder of the expense was for base licensing fees in the amount of \$100,173. During 2024, the annual reconciliation process resulted in a forgiveness of payable owed to TGS from TCS for \$73,983.

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

GEMS entered into a management agreement with TGS. Per the contract, TGS receives a base fee of three (3) percent of GEMS' state foundation, and reimbursement of all direct costs for expenses incurred under the Federal Title programs. TGS also receives ninety-five (95) percent of GEMS' remaining revenues after GEMS pays its direct expenses. GEMS management fee expense for the fiscal year total \$3,806,558, as reported in the GEMS' Statement of Revenues, Expenses and Changes in Fund Net Position. Of this fee, \$2,591,421 was for general fund related fees, and \$1,098,733 was for grant related reimbursements. The remainder of the expense was for base licensing fees in the amount of \$117,986. During 2024, the annual reconciliation process resulted in a forgiveness of receivable owed by TGS to GEMS in the amount of \$90,276.

15. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2024, TGS has implemented certain provisions of GASB Statement No. 99, Omnibus 2022 and GASB Statement No. 100, Accounting Changes and Error Corrections.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 did not have an effect on the financial statements of TGS.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of TGS.

16. TAX EXEMPT STATUS

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

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Supplementary Information
Schedule of Management Company Expenses

For the fiscal year ended June 30, 2024, TGS incurred the following expenses on-behalf of TCS and GEMS:

	Regular Instruction	Special Instruction	Support Services	Total
Graham Elementary and Middle School				
<i>Direct expenses:</i>				
Salaries & wages (100 object codes)	\$ 1,086,887	\$ 539,252	\$ 867,404	\$ 2,493,543
Employees' benefits (200 object codes)	\$ 326,084	\$ 154,474	\$ 233,132	\$ 713,690
Overhead	\$ 319,921	\$ 157,072	\$ 249,180	\$ 726,173
Total expenses	\$ 1,732,892	\$ 850,798	\$ 1,349,716	\$ 3,933,406

	Regular Instruction	Special Instruction	Support Services	Total
The Charles School				
<i>Direct expenses:</i>				
Salaries & wages (100 object codes)	\$ 1,206,293	\$ 200,253	\$ 666,723	\$ 2,073,269
Employees' benefits (200 object codes)	\$ 335,509	\$ 49,737	\$ 180,413	\$ 565,659
<i>Indirect expenses:</i>				
Overhead	\$ 423,536	\$ 68,673	\$ 232,710	\$ 724,919
Total expenses	\$ 1,965,338	\$ 318,663	\$ 1,079,846	\$ 3,363,847

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

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Required Supplementary Information
Schedule of the TGS' Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
TGS' Proportion of the Net Pension Liability	0.0323148%	0.0305720%	0.03499140%	0.03006360%
TGS' Proportionate Share of the Net Pension Liability	\$ 1,785,560	\$ 1,653,572	\$ 1,291,081	\$ 1,988,470
TGS' Covered Payroll	\$ 1,240,421	\$ 1,108,793	\$ 1,185,536	\$ 1,160,986
TGS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.95%	149.13%	108.90%	171.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%
<i>State Teachers Retirement System (STRS)</i>				
TGS' Proportion of the Net Pension Liability	0.04289721%	0.04438028%	0.04216383%	0.04126161%
TGS' Proportionate Share of the Net Pension Liability	\$ 9,237,887	\$ 9,865,792	\$ 5,391,024	\$ 9,983,841
TGS' Covered Payroll	\$ 5,604,564	\$ 5,618,221	\$ 5,313,964	\$ 4,889,664
TGS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	164.83%	175.60%	101.45%	204.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%

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.

2020	2019	2018	2017	2016	2015
0.03090600%	0.03138040%	0.03029110%	0.02839550%	0.02708810%	0.02906700%
\$ 1,849,160	\$ 1,797,214	\$ 1,809,826	\$ 2,078,289	\$ 1,545,673	\$ 1,471,064
\$ 1,061,489	\$ 1,011,948	\$ 1,031,357	\$ 1,006,286	\$ 1,117,489	\$ 824,235
174.20%	177.60%	175.48%	206.53%	138.32%	178.48%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%
0.04179144%	0.04145710%	0.04006600%	0.03822579%	0.03655546%	0.03467255%
\$ 9,241,926	\$ 9,115,485	\$ 9,517,764	\$ 12,795,324	\$ 10,102,860	\$ 8,433,564
\$ 4,909,336	\$ 4,712,971	\$ 4,404,764	\$ 3,996,086	\$ 4,090,329	\$ 3,811,400
188.25%	193.41%	216.08%	320.20%	246.99%	221.27%
77.40%	77.31%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 166,595	\$ 173,659	\$ 155,231	\$ 165,975
Contributions in Relation to the Contractually Required Contribution	<u>(166,595)</u>	<u>(173,659)</u>	<u>(155,231)</u>	<u>(165,975)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS's Covered Payroll	\$ 1,189,964	\$ 1,240,421	\$ 1,108,793	\$ 1,185,536
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
 <i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 839,383	\$ 784,639	\$ 786,551	\$ 743,955
Contributions in Relation to the Contractually Required Contribution	<u>(839,383)</u>	<u>(784,639)</u>	<u>(786,551)</u>	<u>(743,955)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS's Covered Payroll	\$ 5,995,593	\$ 5,604,564	\$ 5,618,221	\$ 5,313,964
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$ 162,538	\$ 143,301	\$ 136,613	\$ 144,390	\$ 140,880	\$ 147,285
<u>(162,538)</u>	<u>(143,301)</u>	<u>(136,613)</u>	<u>(144,390)</u>	<u>(140,880)</u>	<u>(147,285)</u>
<u>\$ -</u>					
\$ 1,160,986	\$ 1,061,489	\$ 1,011,948	\$ 1,031,357	\$ 1,006,286	\$ 1,117,489
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$ 684,553	\$ 687,307	\$ 659,816	\$ 616,667	\$ 559,452	\$ 572,646
<u>(684,553)</u>	<u>(687,307)</u>	<u>(659,816)</u>	<u>(616,667)</u>	<u>(559,452)</u>	<u>(572,646)</u>
<u>\$ -</u>					
\$ 4,889,664	\$ 4,909,336	\$ 4,712,971	\$ 4,404,764	\$ 3,996,086	\$ 4,090,329
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
TGS' Proportion of the Net OPEB Liability	0.0296934%	0.0280563%	0.03198300%	0.02769700%
TGS' Proportionate Share of the Net OPEB Liability	\$ 489,182	\$ 393,913	\$ 605,310	\$ 601,946
TGS' Covered Payroll	\$ 1,240,421	\$ 1,108,793	\$ 1,185,536	\$ 1,160,986
TGS' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.44%	35.53%	51.06%	51.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%
<i>State Teachers Retirement System (STRS)</i>				
TGS's Proportion of the Net OPEB Liability/(Asset)	0.04289721%	0.04438028%	0.04216400%	0.04126200%
TGS's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (834,292)	\$ (1,149,153)	\$ (888,993)	\$ (725,179)
TGS's Covered Payroll	\$ 5,604,564	\$ 5,618,221	\$ 5,313,964	\$ 4,889,664
TGS's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.89%	-20.45%	-16.73%	-14.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.52%	230.73%	174.73%	182.10%

(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.

2020	2019	2018	2017
0.02838800%	0.02871200%	0.02798010%	0.02624012%
\$ 713,893	\$ 796,554	\$ 750,912	\$ 747,940
\$ 1,061,489	\$ 1,011,948	\$ 1,031,357	\$ 1,006,286
67.25%	78.71%	72.81%	74.33%
15.57%	13.57%	12.46%	11.49%
0.04179100%	0.04145710%	0.04006600%	0.03822579%
\$ (692,159)	\$ (666,173)	\$ 1,563,277	\$ 2,044,325
\$ 4,909,336	\$ 4,712,971	\$ 4,404,764	\$ 3,996,086
-14.10%	-14.13%	35.49%	51.16%
174.70%	176.00%	47.10%	37.30%

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

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 5,361	\$ 2,508	\$ 1,936	\$ 1,627
Contributions in Relation to the Contractually Required Contribution	<u>(5,361)</u>	<u>(2,508)</u>	<u>(1,936)</u>	<u>(1,627)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS' Covered Payroll	\$ 1,189,964	\$ 1,240,421	\$ 1,108,793	\$ 1,185,536
OPEB Contributions as a Percentage of Covered Payroll (1)	0.45%	0.20%	0.17%	0.16%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TGS' Covered Payroll	\$ 5,995,593	\$ 5,604,564	\$ 5,618,221	\$ 5,313,964
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$ 1,932	\$ 7,240	\$ 6,701	\$ 2,491	\$ 2,399	\$ 11,537
<u>(1,932)</u>	<u>(7,240)</u>	<u>(6,701)</u>	<u>(2,491)</u>	<u>(2,399)</u>	<u>(11,537)</u>
<u><u>\$ -</u></u>					
\$ 1,160,986	\$ 1,061,489	\$ 1,011,948	\$ 1,031,357	\$ 1,006,286	\$ 1,117,489
0.17%	0.68%	0.66%	0.24%	0.24%	1.03%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u><u>\$ -</u></u>					
\$ 4,889,664	\$ 4,909,336	\$ 4,712,971	\$ 4,404,764	\$ 3,996,086	\$ 4,090,329
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Graham School
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 1 - NET PENSION LIABILITY

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

Changes in Assumptions - SERS

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:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
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%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of 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.

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

The Graham School
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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:

	<u>Fiscal Years 2022 and 2023</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
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.

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

The Graham School
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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%

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 return 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 return 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.

The Graham School
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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 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.

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

The Graham School
Franklin County
3950 Indianola Ave.
Columbus, Ohio 43214

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of The Graham School, Franklin County, Ohio, (TGS) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise TGS's basic financial statements and have issued our report thereon dated March 14, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

The Graham School
Franklin County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2025

OHIO AUDITOR OF STATE KEITH FABER



THE GRAHAM SCHOOL

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/27/2025

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