

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2023





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Columbus, Ohio 43215
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Board of Directors
Utica Shale Academy of Ohio
50 East Main Street
Salineville, Ohio 43968

We have reviewed the *Independent Auditor's Report* of Utica Shale Academy of Ohio, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2021 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2024

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UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY
REGULAR AUDIT
For the Year Ended June 30, 2023
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-7
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position.....	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-29
Required Supplementary Information:	
Schedule of the Academy’s Proportionate Share of Net Pension Liability - School Employees Retirement System (SERS) of Ohio	31
Schedule of the Academy’s Pension Contributions - School Employees Retirement System (SERS) of Ohio	32
Schedule of the Academy’s Proportionate Share of Net Pension Liability - State Teachers Retirement System (STRS) of Ohio	33
Schedule of the Academy’s Pension Contributions - State Teachers Retirement System (STRS) of Ohio	34
Schedule of the Academy’s Proportionate Share of Net OPEB Liability - School Employees Retirement System (SERS) of Ohio	35
Schedule of the Academy’s OPEB Contributions - School Employees Retirement System (SERS) of Ohio	36
Schedule of the Academy’s Proportionate Share of Net OPEB (Asset)/Liability - State Teachers Retirement System (STRS) of Ohio	37
Schedule of the Academy’s OPEB Contributions - State Teachers Retirement System (STRS) of Ohio	38
Notes to Required Supplementary Information.....	39-45

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY
REGULAR AUDIT
For the Year Ended June 30, 2023
TABLE OF CONTENTS –(Continued)**

TITLE	PAGE
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46-47

Charles E. Harris & Associates, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Utica Shale Academy of Ohio
Columbiana County
50 East Main Street
Salinesville, Ohio 43945

To the Governing Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Utica Shale Academy of Ohio, Columbiana County, Ohio (the Academy), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utica Shale Academy of Ohio, Columbiana County, Ohio, as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Academy, 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

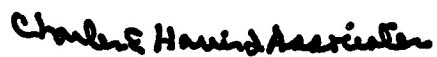
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
January 17, 2024

Utica Shale Academy of Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The discussion and analysis of the Utica Shale Academy’s (the “Academy”) financial performance provides an overall review of the Academy’s financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Academy’s financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy’s financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2023 are as follows:

- Total net position increased \$202,969. This is a 61% increase from the prior fiscal year.
- Total revenues increased \$633,623. This is a 76% increase from the prior fiscal year.
- Total expenses increased \$879,334. This is a 60% increase from the prior fiscal year.

Using this Annual Report

This annual report consists of the Management’s Discussion and Analysis, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, “How did we do financially during fiscal year 2023”? The statement of net position includes all assets and deferred outflows, and liabilities and deferred inflows using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

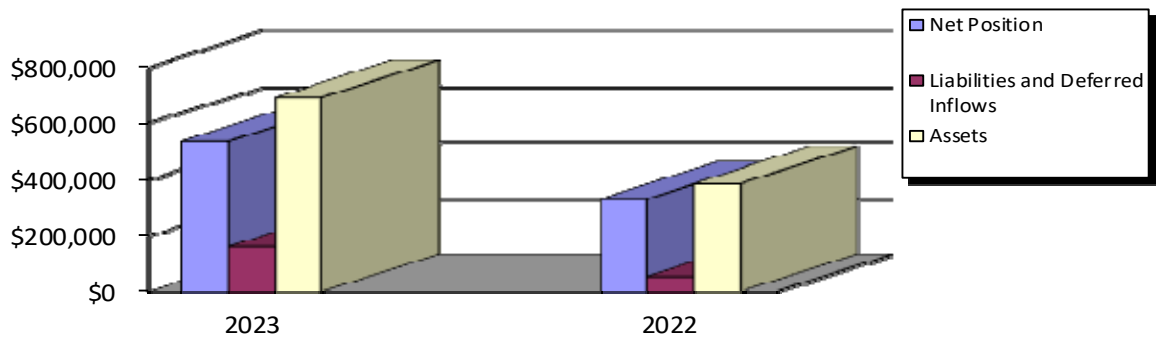
These two statements report the Academy’s net position and change in net position. This change in net position is important because it tells the reader that the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Academy’s facility conditions, required educational programs and other factors.

Utica Shale Academy of Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Table 1 provides a summary of the Academy’s net position for fiscal year 2023 compared to fiscal year 2022 as follows:

Table 1
Net Position

	Governmental Activities	
	2023	2022
Assets:		
Current and Other Assets	\$299,766	\$211,452
Capital Assets	319,257	171,426
Total Assets	619,023	382,878
Deferred Outflows of Resources:		
OPEB	26,287	2,534
Pension	47,746	0
Total Deferred Outflows of Resources	74,033	2,534
Liabilities:		
Other Liabilities	57,485	29,496
Long-Term Liabilities	67,969	0
Total Liabilities	125,454	29,496
Deferred Inflows of Resources:		
OPEB	13,968	529
Pension	19,354	24,076
Total Deferred Inflows of Resources	33,322	24,605
Net Position:		
Net Investment in Capital Assets	319,257	171,426
Unrestricted	215,023	159,885
Total Net Position	\$534,280	\$331,311



Utica Shale Academy of Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Net Position of the Academy increased by \$202,969. The increase in total net position from fiscal year 2022 is primarily due to the increase in Capital assets.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

Table 2
Changes in Net Position

	Fiscal Year	
	2023	2022
Operating Revenues:		
Foundation Revenue	\$1,097,512	\$779,292
Sales/Charges for Services	345,609	0
Other Revenues	23,596	53,802
Total Operating Revenues	<u>1,466,717</u>	<u>833,094</u>
Operating Expenses:		
Salaries	7,625	6,625
Fringe Benefits	19,564	12,664
Purchased Services	1,865,135	898,815
Materials and Supplies	403,312	513,380
Depreciation	20,734	7,185
Other Expenses	35,479	33,846
Total Operating Expenses	<u>2,351,849</u>	<u>1,472,515</u>
Non-Operating Revenues (Expenses):		
Grants and Subsidies	<u>1,088,101</u>	<u>772,622</u>
Total Non-Operating Revenues (Expenses)	<u>1,088,101</u>	<u>772,622</u>
Change in Net Position	202,969	133,201
Net Position - Beginning of Year	<u>331,311</u>	<u>198,110</u>
Net Position - End of Year	<u><u>\$534,280</u></u>	<u><u>\$331,311</u></u>

Total operating revenues increased primarily due to an increase in Foundation revenue. Total operating expenses increased primarily due to an increase in purchased services because of an increase in materials and services.

Capital Assets and Debt

At June 30, 2023, the Academy had \$319,257 in capital assets and \$67,969 in long-term liabilities due to an ODE settlement agreement and pension liability and other postemployment benefits liability. The following table shows fiscal year 2023 balances compared to fiscal year 2022 as follows:

Utica Shale Academy of Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

	Fiscal Year	
	2023	2022
Net Depreciable Capital Assets	\$319,257	\$171,426
Intergovernmental Payable	6,091	14,496
Net Pension Liability	55,018	0
Net OPEB Liability	12,951	0

For the Future

The Academy will strive to continue its success in future years and will continuously look for ways to enhance the student learning process.

The Academy's management must plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years. Financially, the future is not without challenges.

Contacting the Academy's Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Robert P. Barrett, Treasurer at Utica Shale Academy, 50 E. Main Street, Salineville, Ohio 43945.

Utica Shale Academy of Ohio - Columbiana County, Ohio
Statement of Net Position
June 30, 2023

Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$292,731
Receivables:	
Accounts	2,000
Intergovernmental	5,035
Total Current Assets	299,766
Noncurrent Assets:	
Nondepreciable Capital Assets	40,000
Depreciable Capital Assets, Net	279,257
Total Noncurrent Assets	319,257
Total Assets	619,023
Deferred Outflows of Resources:	
Pension	47,746
OPEB	26,287
Total Deferred Outflows of Resources	74,033
Liabilities:	
Current Liabilities:	
Accounts Payable	51,394
Intergovernmental payable	6,091
Total Current Liabilities	57,485
Long-Term Liabilities:	
Net Pension Liability	55,018
Net OPEB Liability	12,951
Total Liabilities	125,454
Deferred Inflows of Resources:	
OPEB	13,968
Pension	19,354
Total Deferred Inflows of Resources	33,322
Net Position:	
Investment in Capital Assets	319,257
Unrestricted	215,023
Total Net Position	\$534,280

See accompanying notes to the basic financial statements.

Utica Shale Academy of Ohio - Columbiana County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Operating Revenues:	
Charges for Services	\$345,609
Foundation Revenue	1,097,512
Other Operating Revenues	<u>23,596</u>
Total Operating Revenues	<u>1,466,717</u>
Operating Expenses:	
Salaries	7,625
Fringe Benefits	19,564
Purchased Services	1,865,135
Materials and Supplies	403,312
Depreciation	20,734
Other	<u>35,479</u>
Total Operating Expenses	<u>2,351,849</u>
Operating Income (Loss)	<u>(885,132)</u>
Non-Operating Revenues (Expenses):	
State and Federal Grants and Subsidies	<u>1,088,101</u>
Total Non-Operating Revenues (Expenses)	<u>1,088,101</u>
Change in Net Position	202,969
Net Position - Beginning of Year	<u>331,311</u>
Net Position - End of Year	<u><u>\$534,280</u></u>

See accompanying notes to the basic financial statements.

Utica Shale Academy of Ohio - Columbiana County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Cash Flows from Operating Activities:	
Cash Received from State Foundation	\$1,094,038
Cash Received from Charges for Services	345,609
Other Operating Cash Receipts	21,596
Cash Payments to Employees for Salaries and Benefits	(22,002)
Cash Payments for Goods and Services	(2,222,488)
Cash Payments for Other Expenses	(49,975)
Net Cash Provided (Used) by Operating Activities	<u>(833,222)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	<u>1,083,066</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,083,066</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Capital Acquisitions	<u>(168,565)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(168,565)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	81,279
Cash and Cash Equivalents - Beginning of Year	<u>211,452</u>
Cash and Cash Equivalents - End of Year	<u><u>\$292,731</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(\$885,132)
Adjustments:	
Depreciation	20,734
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(2,000)
(Increase) Decrease in Deferred Outflows for Pension	(47,746)
Increase (Decrease) in Accrued Liabilities	(8,405)
(Increase) Decrease in Deferred Outflows for OPEB	(23,753)
Increase (Decrease) in Payables	36,394
Increase (Decrease) in Net Pension Liability	55,018
Increase (Decrease) in Deferred Inflows for Pension	(4,722)
Increase (Decrease) in Net OPEB Liability	12,951
Increase (Decrease) in Deferred Inflows for OPEB	<u>13,439</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$833,222)</u></u>

See accompanying notes to the basic financial statements.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 – Description of the Academy

The Utica Shale Academy (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314. The Academy 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 the Academy’s tax-exempt status. The Academy specializes in an innovative high school curriculum that will serve as a leading institution for all students who seek to explore, develop and enhance career opportunities as well as further advance their education. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

On December 15, 2019, the Academy, was approved under contract with The Ohio Department of Education (the “Sponsor”) commencing on December 15, 2019 and ending on June 30, 2023. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy has entered into purchased service agreements with Jefferson County Educational Service Center and Southern Local School District to provide various purchased services to the Academy. Terms of the purchased service agreements are further described in Note 6.

The Academy operates under the direction of a self-appointed, five-member Board of Directors. The Board is responsible for carrying out 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.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental non-profit units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy’s significant accounting policies are described below.

Basis of Presentation

The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods and services.

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

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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, and all liabilities and deferred inflows are included on the Statement of Net Position. Operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total 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 utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources includes pension and other post employment benefits. These amounts are reported on the statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources includes pension and other post employment benefits. These amounts have been recorded as deferred inflows on the statement of net position. Deferred inflows related to pension and OPEB plans are reported on the statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code, Chapter 5705, except House Bill 364, which took effect April 8, 2003, added Ohio Rev. Code Section 3314.03 (11) (d), which states that community schools must comply with Ohio Rev. Code Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast, no later than October 31 of each year.

Cash

All monies received by the Academy are deposited into a demand deposit account and is presented on the financial statement as “cash and cash equivalents.”

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of governments. The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Intergovernmental Revenue

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2023 school year, excluding all other federal and state grants, totaled \$1,097,512.

Revenues received from the remaining programs are recognized as non-operating revenue in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. State and federal grants revenue for the fiscal year 2023 was \$1,088,101.

Estimates

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

Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The Academy maintains a capitalization threshold of \$5,000. The Academy has \$122,000 in building improvements. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The Academy has \$319,257 in capital assets to report at June 30, 2023.

GASB Pronouncements

For fiscal year 2023, the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs); and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Academy.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Academy.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Academy.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the Academy.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96.

Note 3 – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, \$80,441 of the Academy's bank balance of \$331,422 was exposed to custodial credit risk because it was uninsured and collateralized.

Note 4 – Building Lease

The Academy school facilities are located in space leased at Southern Local School District. The lease agreement with Southern Local School District is for the period of February 10, 2014 through July 1, 2019 and renewed on May 13, 2020 through July 1, 2023. The base rental of the leases is \$1,613 per month. The minimum lease payments for fiscal year 2023 total \$14,520.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 - Risk Management

The Academy is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Academy was covered under its own insurance policy for property and fleet insurance, liability insurance, crime, terrorism and automobile coverage. There were no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in each of the past three fiscal years.

Note 6 - Purchased Services

For the fiscal year ended June 30, 2023, purchased service expenses were as follows:

<u>Purchased Services</u>	<u>Amounts</u>
Regular Instruction	\$ 168,760
Special Instruction	157,892
Vocational Instruction	477,933
Instructional Staff	160,601
Pupil Support Services	6,700
General Support Services Administration	516,066
Fiscal Services	119,617
General Facilities Operation & Maintenance	143,686
Transportation Services	106,880
Technology Services	7,000
Total Purchased Services	<u>\$1,865,135</u>

Note 7 – Sponsor Contract

The Ohio Department of Education’s Office of School Sponsorship assumed the Academy’s school sponsorship December 15, 2019. The sponsor shall carry out the responsibilities established by law, including:

- Monitor the Academy’s compliance with the laws applicable to the Academy and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Provide reasonable technical assistance to the Academy in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the Academy);
- Take steps to intervene in the Academy’s operation to correct problems in the Academy’s overall performance, declare the Academy to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the Academy pursuant Ohio Revised Code Section 3314.073, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Establish and/or require a plan of action to be undertaken if the Academy experiences financial

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

difficulties or losses before the end of the school year;

- Provide in writing the annual assurances for the Academy no later than ten business days prior to the opening of the Academy, as required in Ohio Revised Code Section 3314.19;
- Abiding by the requirements in its contract with the Ohio Department of Education, even should those requirements affect the Academy and/or the Governing Authority; and
- The Sponsor shall not enter into any contracts with current vendors of the Governing Authority without proper notice to the Governing Authority.

For the services listed above, the Academy is required to pay a fee to the Sponsor for the oversight and monitoring of the Academy. The fee is equal to 3% of all funds received from the State. The Academy paid the Sponsor \$36,974 for services during fiscal year 2023.

Note 8 - Contingencies

Grants

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

Litigation

The Academy is involved in no material litigation as either plaintiff or defendant.

State Foundation Funding

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 is finalized and not material to these statements.

Note 9 - 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.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. 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% COLA for calendar year 2023.

Funding Policy

Plan members are required to contribute 10.0% of their annual covered salary and the Academy is required to contribute 14.0% 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 10.0% for plan members and 14.0% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$7,140 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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% 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 0.0% 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, an ad-hoc COLA of 3.0% 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. Eligibility changes will be phased in 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 and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% 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, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$55,018	\$0	\$55,018
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00101720%	0.00000000%	
Prior Measurement Date	<u>0.00000000%</u>	<u>0.00000000%</u>	
Change in Proportionate Share	0.00101720%	0.00000000%	
Pension Expense	\$16,693	\$17,073	\$33,766

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	2,229	-	\$2,229
Changes of assumptions	543	0	543
Changes in employer proportionate share of net pension liability	37,834	0	37,834
Contributions subsequent to the measurement date	<u>7,140</u>	<u>0</u>	<u>7,140</u>
Total Deferred Outflows of Resources	<u>\$47,746</u>	<u>\$0</u>	<u>\$47,746</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	361	-	\$361
Net difference between projected and actual earnings on pension plan investments	1,920	0	1,920
Changes in employer proportionate share of net pension liability	<u>0</u>	<u>17,073</u>	<u>17,073</u>
Total Deferred Inflows of Resources	<u>\$2,281</u>	<u>\$17,073</u>	<u>\$19,354</u>

\$7,140 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$19,433	(\$6,093)	\$13,340
2025	\$18,444	(\$6,033)	12,411
2026	(\$2,743)	(\$4,947)	(7,690)
2027	\$3,192	\$0	3,192
Total	<u>\$38,326</u>	<u>(\$17,073)</u>	<u>\$21,253</u>

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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% for males and set forward 2 years and adjusted 81.35% 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

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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.

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

Discount Rate

The total pension liability for 2022 was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$80,984	\$55,018	\$33,142

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Changes Between the Measurement Date and the Reporting Date

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Academy’s surcharge obligation was \$0. The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy'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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$12,951	\$0	\$12,951
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.00092240%	0.00000000%	
Prior Measurement Date	<u>0.00000000%</u>	<u>0.00000000%</u>	
Change in Proportionate Share	0.00092240%	0.00000000%	
OPEB Expense	\$1,532	(\$900)	\$632

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

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$109	\$0	\$109
Changes of assumptions	2,060	0	2,060
Net difference between projected and actual earnings on OPEB plan investments	67	0	67
Changes in employer proportionate share of net OPEB liability	22,784	1,267	24,051
Total Deferred Outflows of Resources	\$25,020	\$1,267	\$26,287
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$8,284	\$0	\$8,284
Changes of assumptions	5,317	0	5,317
Changes in employer proportionate share of net OPEB liability	0	367	367
Total Deferred Inflows of Resources	\$13,601	\$367	\$13,968

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
2024	\$626	\$1,105	\$1,731
2025	648	(162)	486
2026	955	(17)	938
2027	1,755	(16)	1,739
2028	2,237	(10)	2,227
Thereafter	5,198	-	5,198
Total	\$11,419	\$900	\$12,319

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.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2042
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		
Medicare	5.125% to 4.40%	5.125% to 4.40%
Pre-Medicare	6.75% to 4.40%	6.75% to 4.40%
Medical Trend Assumption	7.00% to 4.40%	7.00% to 4.40%

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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% 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% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	\$16,085	\$12,951	\$10,420
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$9,987	\$12,951	\$16,821

Changes Between the Measurement Date and the Reporting Date

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated:				
Land	\$35,000	\$5,000	\$0	\$40,000
Capital Assets, being depreciated:				
Buildings and Improvements	17,000	105,000	0	122,000
Equipment	127,847	58,565	0	186,412
Totals at Historical Cost	<u>179,847</u>	<u>168,565</u>	<u>0</u>	<u>348,412</u>
Less Accumulated Depreciation:				
Buildings and Improvements	283	2,265	0	2,548
Equipment	8,138	18,469	0	26,607
Total Accumulated Depreciation	<u>8,421</u>	<u>20,734</u>	<u>0</u>	<u>29,155</u>
Total Capital Assets, Net	<u>\$171,426</u>	<u>\$147,831</u>	<u>\$0</u>	<u>\$319,257</u>

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 12 - Long-Term Obligations

During the fiscal year 2023, the following changes occurred in long-term obligations.

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Net Pension Liability	\$0	\$55,018	\$0	\$55,018	\$0
Net OPEB Liability	0	12,951	0	12,951	0
Total Long-Term Obligations	<u>\$0</u>	<u>\$67,969</u>	<u>\$0</u>	<u>\$67,969</u>	<u>\$0</u>

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the Academy received COVID-19 funding. The Academy will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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REQUIRED SUPPLEMENTARY INFORMATION



Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2023	0.00101720%	\$55,018	\$0	0.00%	75.82%
2022	0.00000000%	0	0	0.00%	82.86%
2021	0.00000000%	0	0	0.00%	68.55%
2020	0.00000000%	0	0	0.00%	70.85%
2019	0.00000000%	0	0	0.00%	71.36%
2018	0.00000000%	0	0	0.00%	69.50%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of Academy's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	Academy's Contractually Required Contribution	Academy's Contributions in Relation to the Contractually Required Contributions	Academy's Contribution Deficiency (Excess)	Academy's Covered Payroll	Academy's Contributions as a Percentage of Covered Payroll
2023	\$7,140	(\$7,140)	\$0	\$51,000	14.00%
2022	0	0	0	0	14.00%
2021	0	0	0	0	14.00%
2020	0	0	0	0	14.00%
2019	0	0	0	0	13.50%
2018	0	0	0	0	13.50%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2023	0.00000000%	\$0	\$0	0.00%	78.88%
2022	0.00000000%	0	0	0.00%	87.78%
2021	0.00011335%	27,427	13,679	200.50%	75.48%
2020	0.00013983%	30,923	32,829	94.19%	77.40%
2019	0.00014139%	31,088	32,150	96.70%	77.30%
2018	0.00016584%	39,396	0	0.00%	75.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of Academy's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	Academy's Contractually Required Contribution	Academy's Contributions in Relation to the Contractually Required Contributions	Academy's Contribution Deficiency (Excess)	Academy's Covered Payroll	Academy's Contributions as a Percentage of Covered Payroll
2023	\$0	\$0	\$0	\$0	14.00%
2022	0	0	0	0	14.00%
2021	0	0	0	0	14.00%
2020	1,915	(1,915)	0	13,679	14.00%
2019	4,596	(4,596)	0	32,829	14.00%
2018	4,501	(4,501)	0	32,150	14.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Academy's Proportion of the Net OPEB Liability	Academy's Proportionate Share of the Net OPEB Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2023	0.00092240%	\$12,951	\$0	0.00%	30.34%
2022	0.00000000%	0	0	0.00%	24.08%
2021	0.00000000%	0	0	0.00%	18.17%
2020	0.00000000%	0	0	0.00%	15.57%
2019	0.00000000%	0	0	0.00%	13.57%
2018	0.00000000%	0	0	0.00%	12.46%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of Academy's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Academy's Contractually Required Contribution (2)	Academy's Contributions in Relation to the Contractually Required Contributions	Academy's Contribution Deficiency (Excess)	Academy's Covered Payroll	Academy's Contributions as a Percentage of Covered Payroll
2023	\$0	\$0	\$0	\$51,000	0.00%
2022	0	0	0	0	0.00%
2021	0	0	0	0	0.00%
2020	0	0	0	0	0.00%
2019	0	0	0	0	0.00%
2018	0	0	0	0	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Academy's Proportion of the Net OPEB (Asset)/Liability	Academy's Proportionate Share of the Net OPEB (Asset)/Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2023	0.00000000%	\$0	\$0	0.00%	230.73%
2022	0.00000000%	0	0	0.00%	174.73%
2021	0.00011335%	(1,992)	13,679	(14.56%)	182.13%
2020	0.00013983%	(2,316)	32,829	(7.05%)	174.74%
2019	0.00014139%	(2,272)	32,150	(7.07%)	176.00%
2018	0.00016584%	6,470	0	0.00%	47.10%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of Academy's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	Academy's Contractually Required Contribution	Academy's Contributions in Relation to the Contractually Required Contributions	Academy's Contribution Deficiency (Excess)	Academy's Covered Payroll	Academy's Contributions as a Percentage of Covered Payroll
2023	\$0	\$0	\$0	\$0	0.00%
2022	0	0	0	0	0.00%
2021	0	0	0	0	0.00%
2020	0	0	0	13,679	0.00%
2019	0	0	0	32,829	0.00%
2018	0	0	0	32,150	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

Note 1 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

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

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

Changes in Assumptions:

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (2) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (3) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (4) Assumed real wage growth was increased from 0.50% to 0.85%,
- (5) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (6) The discount rate was reduced from 7.50% to 7.00%,
- (7) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (8) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

rates, and 110% of female rates,

(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and

(8) The discount rate was reduced from 7.75% to 7.50%.

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

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

Changes in Assumptions:

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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

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

- (5) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (6) The inflation assumption was lowered from 2.75% to 2.50%,
- (7) The payroll growth assumption was lowered to 3.00%,
- (8) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (9) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (10) Rates of retirement, termination and disability were modified to better reflect anticipated

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

future experience.

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

Note 2 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 2.27%
 - Measurement Date 4.08%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 1.92%
 - Measurement Date 3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.27%
 - Measurement Date 4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (2) Investment Rate of Return:
 - Prior Measurement Date 7.50%
 - Measurement Date 7.00%
- (3) Assumed Rate of Inflation:
 - Prior Measurement Date 3.00%
 - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
 - Prior Measurement Date 3.50%
 - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
 - Prior Measurement Date 0.50%
 - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
 - Prior Measurement Date 2.45%
 - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.63%

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

Measurement Date 2.27%

- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
 - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
 - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

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

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

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

- (1) Discount Rate:
 - Prior Measurement Date 3.63%

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

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

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

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

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

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

Changes in Assumptions:

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

2018: The discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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

Utica Shale Academy of Ohio
Columbiana County
50 East Main Street
Salinesville, Ohio 43945

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Utica Shale Academy of Ohio, Columbiana County, Ohio (the Academy), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated January 17, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated January 17, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control *Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
January 17, 2024

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2022



**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY
REGULAR AUDIT
For the Year Ended June 30, 2022
TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-7
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position.....	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-21
Required Supplementary Information:	
Schedule of the School’s Proportionate Share of Net Pension Liability - State Teachers Retirement System (STRS) of Ohio	23
Schedule of the School’s Pension Contributions - State Teachers Retirement System (STRS) of Ohio	24
Schedule of the School’s Proportionate Share of Net OPEB Liability/(Asset) - State Teachers Retirement System (STRS) of Ohio	25
Schedule of the School’s OPEB Contributions - State Teachers Retirement System (STRS) of Ohio	26
Notes to Required Supplementary Information.....	27-29
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31
Schedule of Prior Audit Findings – Prepared by Management.....	32

Charles E. Harris & Associates, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Utica Shale Academy of Ohio
Columbiana County
50 East Main Street
Salinesville, Ohio 43945

To the Governing Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Utica Shale Academy of Ohio, Columbiana County, Ohio (the Academy), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utica Shale Academy of Ohio, Columbiana County, Ohio, as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Academy, 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy'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 the schedules of net pension liabilities, other postemployment benefit liabilities/assets, and pension and other postemployment benefit contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
January 17, 2024

**Utica Shale Academy of Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

The discussion and analysis of the Utica Shale Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2022 are as follows:

- Total net position increased \$133,201. This is a 67% increase from the prior fiscal year.
- Total revenues increased \$133,201. This is a 61% increase from the prior fiscal year.
- Total expenses increased \$711,631. This is a 94% increase from the prior fiscal year.

Using this Annual Report

This annual report consists of the Management's Discussion and Analysis, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did we do financially during fiscal year 2022"? The statement of net position includes all assets and deferred outflows, and liabilities and deferred inflows using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

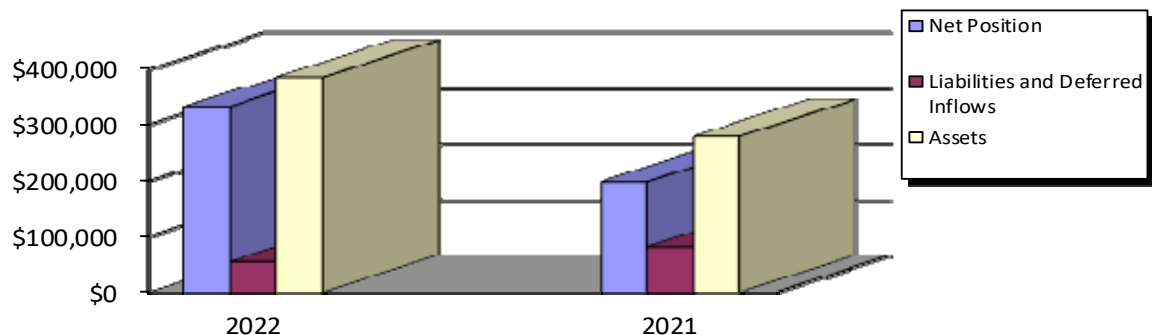
These two statements report the Academy's net position and change in net position. This change in net position is important because it tells the reader that the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Academy's facility conditions, required educational programs and other factors.

**Utica Shale Academy of Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

Table 1 provides a summary of the Academy's net position for fiscal year 2022 compared to fiscal year 2021 as follows:

**Table 1
Net Position**

	Governmental Activities	
	2022	2021
Assets:		
Current and Other Assets	\$211,452	\$223,992
Net OPEB Asset	0	1,992
Capital Assets	171,426	35,844
Total Assets	382,878	261,828
Deferred Outflows of Resources:		
OPEB	2,534	4,031
Pension	0	12,600
Total Deferred Outflows of Resources	2,534	16,631
Liabilities:		
Other Liabilities	29,496	28,994
Long-Term Liabilities	0	41,921
Total Liabilities	29,496	70,915
Deferred Inflows of Resources:		
OPEB	529	2,914
Pension	24,076	6,520
Total Deferred Inflows of Resources	24,605	9,434
Net Position:		
Net Investment in Capital Assets	171,426	35,844
Unrestricted	159,885	162,266
Total Net Position	\$331,311	\$198,110



Utica Shale Academy of Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

Net Position of the Academy increased by \$133,201. The increase in total net position from fiscal year 2021 is primarily due to the increase in Capital assets.

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

Table 2
Changes in Net Position

	Fiscal Year	
	2022	2021
Operating Revenues:		
Foundation Revenue	\$779,292	\$514,233
Other Revenues	53,802	4,655
Total Operating Revenues	833,094	518,888
Operating Expenses:		
Salaries	6,625	5,750
Fringe Benefits	12,664	19,457
Purchased Services	898,815	678,617
Materials and Supplies	513,380	40,591
Depreciation	7,185	1,236
Other Expenses	33,846	15,233
Total Operating Expenses	1,472,515	760,884
Non-Operating Revenues (Expenses):		
Grants and Subsidies	772,622	367,629
Total Non-Operating Revenues (Expenses)	772,622	367,629
Change in Net Position	133,201	125,633
Net Position - Beginning of Year	198,110	72,477
Net Position - End of Year	\$331,311	\$198,110

Total operating revenues increased primarily due to an increase in Foundation revenue. Total operating expenses increased primarily due to an increase in purchased services because of an increase in materials and services.

Capital Assets and Debt

At June 30, 2022, the Academy had \$171,426 in capital assets and \$0 in long-term liabilities. The following table shows fiscal year 2022 balances compared to fiscal year 2021 as follows:

**Utica Shale Academy of Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

	Fiscal Year	
	2022	2021
Net Depreciable Capital Assets	\$171,426	\$35,844
Intergovernmental Payable	14,496	14,494

For the Future

The Academy will strive to continue its success in future years and will continuously look for ways to enhance the student learning process.

The Academy's management must plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years. Financially, the future is not without challenges.

Contacting the Academy's Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Robert P. Barrett, Treasurer at Utica Shale Academy, 70 E. Main Street, Salineville, Ohio 43945.

Utica Shale Academy of Ohio - Columbiana County, Ohio
Statement of Net Position
June 30, 2022

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$211,452
Total Current Assets	211,452

Noncurrent Assets:

Nondepreciable Capital Assets	35,000
Depreciable Capital Assets, Net	136,426
Total Noncurrent Assets	171,426

Total Assets	382,878
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Deferred Outflows of Resources:

OPEB	2,534
Total Deferred Outflows of Resources	2,534

Liabilities:

Current Liabilities:

Accounts Payable	15,000
Intergovernmental payable	14,496
Total Liabilities	29,496

Deferred Inflows of Resources:

OPEB	529
Pension	24,076
Total Deferred Inflows of Resources	24,605

Net Position:

Investment in Capital Assets	171,426
Unrestricted	159,885
Total Net Position	\$331,311

See accompanying notes to the basic financial statements.

Utica Shale Academy of Ohio - Columbiana County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

Operating Revenues:	
Foundation Revenue	\$779,292
Other Operating Revenues	53,802
Total Operating Revenues	<u>833,094</u>
Operating Expenses:	
Salaries	6,625
Fringe Benefits	12,664
Purchased Services	898,815
Materials and Supplies	513,380
Depreciation	7,185
Other	33,846
Total Operating Expenses	<u>1,472,515</u>
Operating Income (Loss)	<u>(639,421)</u>
Non-Operating Revenues (Expenses):	
State and Federal Grants and Subsidies	<u>772,622</u>
Total Non-Operating Revenues (Expenses)	<u>772,622</u>
Change in Net Position	133,201
Net Position - Beginning of Year	<u>198,110</u>
Net Position - End of Year	<u><u>\$331,311</u></u>

See accompanying notes to the basic financial statements.

Utica Shale Academy of Ohio - Columbiana County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Cash Received from State Foundation	\$780,552
Other Operating Cash Receipts	53,802
Cash Payments to Employees for Salaries and Benefits	(15,456)
Cash Payments for Goods and Services	(1,397,195)
Cash Payments for Other Expenses	(62,839)
Net Cash Provided (Used) by Operating Activities	<u>(641,136)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	<u>784,158</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>784,158</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Capital Acquisitions	<u>(142,767)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(142,767)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	255
Cash and Cash Equivalents - Beginning of Year	<u>211,197</u>
Cash and Cash Equivalents - End of Year	<u><u>\$211,452</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(\$639,421)
Adjustments:	
Depreciation	7,185
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	1,259
(Increase) Decrease in Deferred Outflows for Pension	12,600
Increase (Decrease) in Accrued Liabilities	(28,992)
(Increase) Decrease in Deferred Outflows for OPEB	1,497
(Increase) Decrease in Net OPEB Asset	1,992
Increase (Decrease) in Payables	15,000
Increase (Decrease) in Net Pension Liability	(27,427)
Increase (Decrease) in Deferred Inflows for Pension	17,556
Increase (Decrease) in Deferred Inflows for OPEB	(2,385)
Net Cash Provided (Used) by Operating Activities	<u><u>(\$641,136)</u></u>

See accompanying notes to the basic financial statements.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 – Description of the Academy

The Utica Shale Academy (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314. The Academy 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 the Academy’s tax-exempt status. The Academy specializes in an innovative high school curriculum that will serve as a leading institution for all students who seek to explore, develop and enhance career opportunities as well as further advance their education. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

On December 15, 2019, the Academy, was approved under contract with The Ohio Department of Education (the “Sponsor”) commencing on December 15, 2019 and ending on June 30, 2022. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy has entered into purchased service agreements with Jefferson County Educational Service Center and Southern Local School District to provide various purchased services to the Academy. Terms of the purchased service agreements are further described in Note 6.

The Academy operates under the direction of a self-appointed, five-member Board of Directors. The Board is responsible for carrying out 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.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental non-profit units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy’s significant accounting policies are described below.

Basis of Presentation

The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods and services.

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

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, and all liabilities and deferred inflows are included on the Statement of Net Position. Operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total 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 utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources includes pension and other post employment benefits. These amounts are reported on the statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources includes pension and other post employment benefits. These amounts have been recorded as deferred inflows on the statement of net position. Deferred inflows related to pension and OPEB plans are reported on the statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code, Chapter 5705, except House Bill 364, which took effect April 8, 2003, added Ohio Rev. Code Section 3314.03 (11) (d), which states that community schools must comply with Ohio Rev. Code Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast, no later than October 31 of each year.

Cash

All monies received by the Academy are deposited into a demand deposit account and is presented on the financial statement as “cash and cash equivalents.”

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of governments. The Academy applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Intergovernmental Revenue

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2022 school year, excluding all other federal and state grants, totaled \$779,292.

Revenues received from the remaining programs are recognized as non-operating revenue in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. State and federal grants revenue for the fiscal year 2022 was \$772,622.

Estimates

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

Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The Academy maintains a capitalization threshold of \$5,000. The Academy has \$17,000 in building and improvements. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The Academy has \$171,426 in capital assets to report at June 30, 2022.

Note 3 – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2022, none of the Academy's bank balance of \$216,777 was exposed to custodial credit risk because it was fully FDIC insured.

Note 4 – Operating Lease

The Academy school facilities are located in space leased at Southern Local School District. The lease agreement with Southern Local School District is for the period of February 10, 2014 through July 1, 2019 and renewed on May 13, 2020 through July 1, 2023. The base rental of the leases is \$1,613 per month. The minimum lease payments for fiscal year 2022 total \$14,520.

Note 5 - Risk Management

The Academy is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the Academy was covered under its own insurance policy for property and fleet insurance, liability insurance, crime, terrorism and automobile coverage. There were no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in each of the

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

past three fiscal years.

Note 6 - Purchased Services

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

<u>Purchased Services</u>	<u>Amounts</u>
Regular Instruction	78,844.52
Special Instruction	93,988.36
Vocational Instruction	95,606.52
Other Instruction	58,300.00
Instructional Staff	116,091.99
Pupil Support Services	2,983.60
General Support Services Administration	255,131.93
Fiscal Services	39,399.97
General Facilities Operation & Maintenance	76,513.83
Transportation Services	68,454.29
Technology Services	13,500.00
Total Purchased Services	<u>\$898,815</u>

Note 7 – Sponsor Contract

The Ohio Department of Education's Office of School Sponsorship assumed the Academy's school sponsorship December 15, 2019. The sponsor shall carry out the responsibilities established by law, including:

- Monitor the Academy's compliance with the laws applicable to the Academy and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Provide reasonable technical assistance to the Academy in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the Academy);
- Take steps to intervene in the Academy's operation to correct problems in the Academy's overall performance, declare the Academy to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the Academy pursuant Ohio Revised Code Section 3314.073, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Establish and/or require a plan of action to be undertaken if the Academy experiences financial difficulties or losses before the end of the school year;
- Provide in writing the annual assurances for the Academy no later than ten business days prior to the opening of the Academy, as required in Ohio Revised Code Section 3314.19;
- Abiding by the requirements in its contract with the Ohio Department of Education, even should

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

those requirements affect the Academy and/or the Governing Authority; and

- The Sponsor shall not enter into any contracts with current vendors of the Governing Authority without proper notice to the Governing Authority.

For the services listed above, the Academy is required to pay a fee to the Sponsor for the oversight and monitoring of the Academy. The fee is equal to 3% of all funds received from the State. The Academy paid the Sponsor \$26,552 for services during fiscal year 2022.

Note 8 - Contingencies

Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2022.

Litigation

The Academy is involved in no material litigation as either plaintiff or defendant.

State Foundation Funding

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 is finalized and not material to these statements.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2016 & 2017. On January 3, 2018, ODE signed off on the 2016 & 2017 FTE Settlement Agreement with the Academy, which detailed the repayment plan. As a result, the Academy is responsible for paying back \$66,980.58 from ODE's FY16 FTE Final Determination with payments made over 54 months starting July 2018. The Academy paid \$14,108 back to ODE during fiscal year 2022, which only leaves \$7,054 left to repay. The amount owed back to ODE for the FY16 FTE adjustment is considered a liability for the academy.

The Academy had contracts in fiscal year 2016 and 2017 directly tied to the academy's FTE, which included the Academy's Fiscal Agent contract, School Sponsor contract, and Management Agreement.

Under Ohio Rev. Code Section 3314.08 ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. The Settlement Agreement between the Academy and, ODE requires the Academy to repay \$116,394.78 from the FY17 FTE Final adjustments over 54 months beginning in July 2018.

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

However, the Academy paid \$52,906.70 back to ODE out of their monthly Community School Foundation payment for the FY17 FTE adjustments during fiscal year 2018 and \$14,885 during fiscal year 2022, which only leaves \$7,442 left to repay. The amount owed back to ODE for the FY17 FTE adjustment is considered a liability for the academy.

Note 9 - 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) represent the Academy's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

Academy 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

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% 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 0.00% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.00% 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, 12.00% of the 14.00% member rate is deposited into the member's DC account and the remaining 2.00% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14.00% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

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

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

	<u>STRS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00000000%
Prior Measurement Date	<u>0.00011335%</u>
Change in Proportionate Share	-0.00011335%
Pension Expense	\$24,076

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

	<u>STRS</u>
<u>Deferred Inflows of Resources</u>	
Changes in employer proportionate share of net pension liability	<u>\$24,076</u>
Total Deferred Inflows of Resources	<u><u>\$24,076</u></u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	
Ending June 30:	<u>STRS</u>
2023	(\$7,003)
2024	(6,093)
2025	(6,033)
2026	<u>(4,947)</u>
Total	<u><u>(\$24,076)</u></u>

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy'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:

	<u>STRS</u>
Proportion of the Net OPEB Liability/Asset:	
Current Measurement Date	0.00000000%
Prior Measurement Date	<u>0.00011335%</u>
Change in Proportionate Share	-0.00011335%
OPEB Expense	(\$2,005)

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

	<u>STRS</u>
<u>Deferred Outflows of Resources</u>	
Changes in employer proportionate share of net OPEB liability	<u>\$2,534</u>
Total Deferred Outflows of Resources	<u><u>\$2,534</u></u>
<u>Deferred Inflows of Resources</u>	
Changes in employer proportionate share of net OPEB liability	<u>\$529</u>
Total Deferred Inflows of Resources	<u><u>\$529</u></u>

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	<u>STRS</u>
Ending June 30:	
2023	\$1,105
2024	1,105
2025	(162)
2026	(17)
2027	(16)
Thereafter	<u>(10)</u>
Total	<u><u>\$2,005</u></u>

Note 11 – Capital Assets

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Capital Assets, not being depreciated:				
Land	\$0	\$35,000	\$0	\$35,000
Capital Assets, being depreciated:				
Buildings and Improvements	0	17,000	0	17,000
Equipment	<u>\$37,080</u>	<u>\$90,767</u>	<u>\$0</u>	<u>\$127,847</u>
Totals at Historical Cost	<u><u>37,080</u></u>	<u><u>142,767</u></u>	<u><u>0</u></u>	<u><u>179,847</u></u>
Less Accumulated Depreciation:				
Buildings and Improvements	0	283	0	283
Equipment	<u>1,236</u>	<u>6,902</u>	<u>0</u>	<u>8,138</u>
Total Accumulated Depreciation	<u><u>1,236</u></u>	<u><u>7,185</u></u>	<u><u>0</u></u>	<u><u>8,421</u></u>
Total Capital Assets, Net	<u><u>\$35,844</u></u>	<u><u>\$135,582</u></u>	<u><u>\$0</u></u>	<u><u>\$171,426</u></u>

Utica Shale Academy of Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 12 - Long-Term Obligations

During the fiscal year 2022, the following changes occurred in long-term obligations.

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Net Pension Liability	\$27,427	\$0	(\$27,427)	\$0	\$0
Intergovernmental Payable	43,488	0	(43,488)	0	0
Total Long-Term Obligations	<u>\$70,915</u>	<u>\$0</u>	<u>(\$70,915)</u>	<u>\$0</u>	<u>\$0</u>

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the Academy received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the Academy. The impact on the Academy's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2022	0.00000000%	\$0	\$0	0.00%	87.78%
2021	0.00011335%	27,427	13,679	200.50%	75.48%
2020	0.00013983%	30,923	32,829	94.19%	77.40%
2019	0.00014139%	31,088	32,150	96.70%	77.30%
2018	0.00016584%	39,396	0	0.00%	75.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of Academy's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

Year	Academy's Contractually Required Contribution	Academy's Contributions in Relation to the Contractually Required Contributions	Academy's Contribution Deficiency (Excess)	Academy's Covered Payroll	Academy's Contributions as a Percentage of Covered Payroll
2022	\$0	\$0	\$0	\$0	14.00%
2021	0	0	0	0	14.00%
2020	1,915	(1,915)	0	13,679	14.00%
2019	4,596	(4,596)	0	32,829	14.00%
2018	4,501	(4,501)	0	32,150	14.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	Academy's Proportion of the Net OPEB (Asset)/Liability	Academy's Proportionate Share of the Net OPEB (Asset)/Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2022	0.00000000%	\$0	\$0	0.00%	174.73%
2021	0.00011335%	(1,992)	13,679	(14.56%)	182.13%
2020	0.00013983%	(2,316)	32,829	(7.05%)	174.74%
2019	0.00014139%	(2,272)	32,150	(7.07%)	176.00%
2018	0.00016584%	6,470	0	0.00%	47.10%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

(2) Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
 Required Supplementary Information
 Schedule of Academy's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

Year	Academy's Contractually Required Contribution	Academy's Contributions in Relation to the Contractually Required Contributions	Academy's Contribution Deficiency (Excess)	Academy's Covered Payroll	Academy's Contributions as a Percentage of Covered Payroll
2022	\$0	\$0	\$0	\$0	0.00%
2021	0	0	0	0	0.00%
2020	0	0	0	13,679	0.00%
2019	0	0	0	32,829	0.00%
2018	0	0	0	32,150	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information.

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

Note 1 - Net Pension Liability

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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

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

Changes in Assumptions:

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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

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

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

Note 2 - Net OPEB (Asset)/Liability

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

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

Changes in Assumptions:

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. 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.

Utica Shale Academy of Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2022

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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

Utica Shale Academy of Ohio
Columbiana County
50 East Main Street
Salinesville, Ohio 43945

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Utica Shale Academy of Ohio, Columbiana County, Ohio (the Academy), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated January 17, 2024.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control *Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
January 17, 2024

Utica Shale Academy of Ohio
Columbiana County, Ohio
For the Year Ended June 30, 2022

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2021-001	Material Weakness – Accurate Posting of Transactions	Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



UTICA SHALE ACADEMY OF OHIO

COLUMBIANA 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 3/28/2024

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

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