



OHIO AUDITOR OF STATE
KEITH FABER



**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY
JUNE 30, 2021**

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**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy, as of June 30, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Academy. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio
March 16, 2022

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CINCINNATI COLLEGE PREPARATORY ACADEMY

Hamilton County

Management's Discussion and Analysis For the Year Ended June 30, 2021 (Unaudited)

The discussion and analysis of Cincinnati College Preparatory Academy's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2021. 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.

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

Financial Highlights

Key financial highlights for the Cincinnati College Preparatory Academy during fiscal year 2021 are as follows:

- Total net position of the Academy was negative \$37,309 at fiscal year-end, a decrease of \$624,368 in comparison with the prior fiscal year-end.
- Total assets increased \$480,437 and total liabilities increased \$1.2 million from the prior year.
- The Academy's operating loss for fiscal year 2021 was \$4.4 million.

Using this Financial Report

This financial report contains the basic financial statements of the Academy, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Position

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

CINCINNATI COLLEGE PREPARATORY ACADEMY
Hamilton County

Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Unaudited)

This statement reports the Academy's net position; however, in evaluating the overall position and financial viability of the Academy, non-financial information such as the condition of the Academy's buildings and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the Academy's net position for fiscal year 2021 compared to those reported for fiscal year 2020.

Table 1 Net Position		2021	2020
Assets:			
Current Assets		\$ 6,334,412	\$ 5,545,537
Net OPEB Asset		531,221	487,547
Investment in LLC		756,999	794,209
Capital Assets, Net		3,751,584	4,066,486
Total Assets		11,374,216	10,893,779
Deferred Outflows of Resources		2,745,083	2,802,814
Liabilities			
Current Liabilities		748,585	711,720
Noncurrent Liabilities			
Loan Payable		1,289,200	1,289,200
Net Pension Liability		10,112,696	8,866,198
Net OPEB Liability		865,110	992,424
Total Liabilities		13,015,591	11,859,542
Deferred Inflows of Resources		1,141,017	1,249,992
Net Position:			
Net Investment in Capital Assets		3,751,584	4,066,486
Restricted		1,261,104	808,110
Unrestricted		(5,049,997)	(4,287,537)
Total Net Position		\$ (37,309)	\$ 587,059

Current Assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of an increase funding from the CARES Act assisting with operating expenditures.

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

CINCINNATI COLLEGE PREPARATORY ACADEMY
Hamilton County

Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Unaudited)

The total net position reported for fiscal year 2021 decreased by \$624,368. Table 2 demonstrates the details of this decrease.

Table 2
Change in Net Position

	2021	2020
Operating Revenues:		
Foundation Payments / Grants-in-Aid	\$ 5,995,039	\$ 6,111,898
Rental	98,810	94,904
Other	115,583	37,150
Non Operating Revenues:		
State and Federal Grants	3,714,594	2,601,246
Local Grants and Contributions	80,540	-
Interest	6,813	57,542
Total Revenues	10,011,379	8,902,740
Operating Expenses:		
Salaries & Wages	5,242,357	5,059,071
Fringe Benefits	2,462,454	2,476,088
Purchased Services	2,018,902	2,011,042
Materials and Supplies	411,866	612,538
Depreciation	333,871	344,809
Other Expenses	129,087	147,024
Non-Operating Expenses		
Loss on Investment in LLC	37,210	58,210
Total Expenses	10,635,747	10,708,782
Change in Net Position	(624,368)	(1,806,042)
Net Position, Beginning of Year	587,059	2,393,101
Net Position, End of Year	\$ (37,309)	\$ 587,059

Total Revenues increased \$1.1 million in comparison with the prior fiscal year. This increase is primarily the result of an increase in State and Federal Grants in fiscal year 2021. This increase is primarily the result of the receipt of ESSER and Coronavirus Relief grants as a result of the CARES Act.

Total Expenses remained consistent in comparison with the prior fiscal year.

CINCINNATI COLLEGE PREPARATORY ACADEMY
Hamilton County

Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Unaudited)

Capital Assets

At the end of fiscal year 2021, the Academy had \$3,751,584 invested in capital assets, a \$314,902 decrease in comparison with the prior year. This decrease represents the amount in which current year depreciation of \$333,871 exceeded current year additions of \$18,969. See Note 5 of the basic financial statements for additional details.

Debt

At the end of fiscal year 2021, the Academy's Loan Payable balance was \$1.3 million. See Note 6 of the basic financial statements for additional details.

Current Financial Issues

The future financial stability of the Academy is not without challenges. There will continue to be challenges outside of the Academy's control (i.e. – the economy, the state budget). Since the primary source of funding is the state foundation program, an economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the Academy.

Contacting the Academy

This financial report is designed to provide a general overview of the finances of the Cincinnati College Preparatory Academy and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the Cincinnati College Preparatory Academy, 1425 Linn Street, Cincinnati, Ohio 45214.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Assets:

Current Assets	
Cash and Cash Equivalents	\$ 5,587,352
Intergovernmental Receivables	693,264
Prepaid Assets	53,796
Total Current Assets	<u>6,334,412</u>
Noncurrent Assets	
Depreciable Capital Assets, Net	3,751,584
Investment in LLC	756,999
Net OPEB Asset	531,221
Total Noncurrent Assets	<u>5,039,804</u>
Total Assets	<u><u>11,374,216</u></u>

Deferred Outflows of Resources:

Pension	2,269,987
OPEB	475,096
Total Deferred Outflows of Resources	<u>2,745,083</u>

Liabilities:

Current Liabilities	
Accounts Payable	159,996
Accrued Wages and Benefits	502,597
Intergovernmental Payable	85,992
Total Current Liabilities	<u>748,585</u>
Long-Term Liabilities:	
Loan Payable	1,289,200
Net Pension Liability	10,112,696
Net OPEB Liability	865,110
Total Noncurrent Liabilities	<u>12,267,006</u>
Total Liabilities	<u><u>13,015,591</u></u>

Deferred Inflows of Resources:

Pension	46,767
OPEB	1,094,250
Total Deferred Inflows of Resources	<u>1,141,017</u>

Net Position:

Net Investment in Capital Assets	3,751,584
Restricted	1,261,104
Unrestricted	(5,049,997)
Total Net Position	<u><u>\$ (37,309)</u></u>

See accompanying notes to the basic financial statements.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenues:	
Foundation Payments	\$ 5,746,580
Other Unrestricted Grants-in-Aid	248,459
Rental	98,810
Other	115,583
Total Operating Revenues	<u>6,209,432</u>
Operating Expenses:	
Salaries and Wages	5,242,357
Fringe Benefits	2,462,454
Purchased Services	2,018,902
Materials and Supplies	411,866
Depreciation	333,871
Other	129,087
Total Operating Expenses	<u>10,598,537</u>
Operating Loss	<u>(4,389,105)</u>
Non-Operating Revenues (Expenses):	
Federal Grants	2,819,881
State Grants	894,713
Local Grants and Contributions	80,540
Interest	6,813
Loss on Investment in LLC	(37,210)
Total Non-Operating Revenues (Expenses)	<u>3,764,737</u>
Change in Net Position	(624,368)
Net Position Beginning of Year	<u>587,059</u>
Net Position End of Year	<u>\$ (37,309)</u>

See accompanying notes to the basic financial statements.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Cash Flows from Operating Activities:	
Cash Received from State of Ohio	\$ 5,999,033
Cash Received from Rental Activity	99,410
Cash Received from Other	75,833
Cash Payments to Employees for Services and Benefits	(6,695,495)
Cash Payments to Suppliers for Goods and Services	<u>(2,592,362)</u>
Net Cash Used for Operating Activities	<u>(3,113,581)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	3,292,413
Local Grants and Contributions	79,240
Net Cash Provided by Noncapital Financing Activities	<u>3,371,653</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Capital Acquisitions	<u>(18,969)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(18,969)</u>
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	<u>6,813</u>
Net Cash Provided by Investing Activities	<u>6,813</u>
Net Increase in Cash and Cash Equivalents	245,916
Cash and Cash Equivalents at Beginning of Year	<u>5,341,436</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 5,587,352</u></u>

See accompanying notes to the basic financial statements.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (4,389,105)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	333,871
Changes in Assets and Liabilities:	
Intergovernmental Receivable	(102,266)
Accounts Receivable	850
Prepaid Assets	(18,062)
Accounts Payable	(18,443)
Intergovernmental Payable	(45,133)
Accrued Wages and Benefits Payable	100,441
Net Pension Liability and Related Deferrals	981,522
Net OPEB Asset/Liability and Related Deferrals	42,744
Net Cash Used for Operating Activities	<u><u>\$ (3,113,581)</u></u>

See accompanying notes to the basic financial statements.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description of the Academy and Reporting Entity

Cincinnati College Preparatory Academy (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through twelfth. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy had one fiscal service provider during the fiscal year, Mangen & Associates, and Ohio Department of Education (ODE) Sponsorship Office was the Academy's sponsor. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a fourteen-member Board of Directors (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the Academy's instructional/support facility staffed by 34 non-certified and 70 certificated full time teaching personnel who provide services to 890 students.

The Academy has a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the Academy. See Note 13 for more information.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. The difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources is defined as net position. The Statement of Revenues, Expenses and Changes in Net Position 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.

C. Budgetary Process

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the Academy is pooled. Money for all funds is maintained in this pool. Individual fund integrity is maintained through Academy records. Interest in the pool is presented on the financial statements as Cash and Cash Equivalents.

Investments of the cash management pool and investments with an original maturity date of three months or less at the time they are purchased by the Academy are presented on the financial statements as Cash and Cash Equivalents.

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

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

E. Prepaid Assets

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

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of \$1,000. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimate Life</u>
Building and Improvements	1-50 years
Furniture and Equipment	5 years
Vehicles	5 years

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 8 and Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 8 and Note 9.

H. 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 these estimates.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

I. Intergovernmental Revenues

The Academy is a participant in the State Foundation Program. In addition, the State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. Foundation funding, other unrestricted grants in aid and charges for services are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

J. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Academy's primary mission. For the Academy, operating revenues include revenues paid through the State Foundation Program and Other Unrestricted Grants-in-Aid. Operating expenses are necessary costs incurred to support the Academy's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary mission. Various Federal and State grants, interest earnings and expense, if any, and contributions comprise the non-operating revenues and expenses of the Academy.

K. Accrued Liabilities Payable

The Academy has recognized certain liabilities on its Statement of Net Position relating to expenses, which are due but unpaid as of fiscal year-end, including:

Accrued Wages and Benefits payable – salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2021 contract.

Accounts payable – payments due for services or goods that were rendered or received during fiscal year 2021.

Intergovernmental payable - payments made after year-end for the Academy's share of retirement contributions and Medicare.

L. Unearned Revenue

If the Academy receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Federal Tax Exemption Status

The Academy is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.

N. Pensions and Other Postemployment Benefits (OPEB)

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

O. Net Position

Net position represents the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 - Deposits and Investments

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. At fiscal year-end, the carrying amount of the Academy's deposits was \$872,788, and the bank balance was \$963,925. Of the Academy's bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining balance was uninsured and uncollateralized.

Investments of the Academy as of June 30, 2021 were as follows:

<u>Investments</u>	<u>NAV Value</u>
STAR Ohio	\$ 4,714,564

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2021, the Academy does not have any fair value investments.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 3 - Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the Academy's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days and carries a rating of AAAM by S&P Global Ratings.

Interest Rate Risk: The Academy's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Academy, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The investments in STAR Ohio are rated AAAM by Standard & Poor's. The Academy's investment policy limits investments to those authorized by State statute.

Note 4 - Intergovernmental Receivables

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. Intergovernmental receivables at year-end represent federal grants, underpayments from State Foundation, Bureau of Workers' Compensation refunds, and pension overpayments.

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CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Depreciable Capital Assets:				
Buildings and Improvements	\$ 7,054,797	\$ 8,809	\$ -	\$ 7,063,606
Furniture and Equipment	1,411,860	10,160	-	1,422,020
Vehicles	211,332	-	-	211,332
Total Depreciable Capital Assets	<u>8,677,989</u>	<u>18,969</u>	<u>-</u>	<u>8,696,958</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,172,338)	(261,575)	-	(3,433,913)
Furniture and Equipment	(1,299,735)	(45,845)	-	(1,345,580)
Vehicles	(139,430)	(26,451)	-	(165,881)
Total Accumulated Depreciation	<u>(4,611,503)</u>	<u>(333,871)</u>	<u>-</u>	<u>(4,945,374)</u>
Depreciable Capital Assets, Net	<u>\$ 4,066,486</u>	<u>\$ (314,902)</u>	<u>\$ -</u>	<u>\$ 3,751,584</u>
Total Capital Assets, Net	<u>\$ 4,066,486</u>	<u>\$ (314,902)</u>	<u>\$ -</u>	<u>\$ 3,751,584</u>

Note 6 - Long Term Obligations

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
PPP Loan	\$ 1,289,200	\$ -	\$ -	\$ 1,289,200	\$ -
Net Pension Liability					
SERS	2,356,486	442,615	-	2,799,101	-
STRS	6,509,712	803,883	-	7,313,595	-
Net OPEB Liability					
SERS	992,424	-	(127,314)	865,110	-
Total	<u>\$ 11,147,822</u>	<u>\$ 1,246,498</u>	<u>\$ (127,314)</u>	<u>\$ 12,267,006</u>	<u>\$ -</u>

In fiscal year 2020, the Academy received a forgivable loan pursuant to the Paycheck Protection Program established by the CARES Act, and the Academy expects the loan will be forgiven in the subsequent reporting period based on compliance with program requirements. In accordance with GASB Technical Bulletin 2020-01, the Academy will continue to report the loan as a liability until it is legally released from the debt.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 7 - Risk Management

A. Property and Liability Insurance - The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2021, the Academy contracted with Netherland Insurance Company for its insurance coverage as follows:

Commercial Property - Building and Personal Property	\$7,407,000
School Leaders	\$1,000,000
Educational Errors and Omissions	\$1,000,000
Umbrella Liability (per occurrence and aggregate) (\$10,000 Deductible)	\$3,000,000
General Liability per occurrence	\$1,000,000
General Liability (aggregate)	\$2,000,000
Commercial Auto	\$1,000,000

Settlement amounts did not exceed coverage amounts in the three prior years. There also have been no significant reductions in coverage compared to prior year.

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

Note 8 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

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. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The Academy's contractually required contribution to SERS was \$187,976 for fiscal year 2021. Of this amount, \$15,520 is reported as an intergovernmental payable.

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for 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.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$540,328 for fiscal year 2021. Of this amount, \$54,611 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. Academy proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.03938520%	0.02943653%	
Current Measurement Date	<u>0.04231950%</u>	<u>0.30225910%</u>	
Change in Proportionate Share	<u>0.00293430%</u>	<u>0.27282257%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 2,799,101	\$ 7,313,595	\$ 10,112,696
Pension Expense	\$ 577,348	\$ 1,132,478	\$ 1,709,826

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the Academy's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2021 the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 5,438	\$ 16,411	\$ 21,849
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	177,683	355,659	533,342
Changes of Assumptions	-	392,598	392,598
Changes in Proportion and Differences between			
Academy Contributions and Proportionate			
Share of Contributions	133,316	460,578	593,894
Academy Contributions Subsequent to the			
Measurement Date	<u>187,976</u>	<u>540,328</u>	<u>728,304</u>
Total Deferred Outflows of Resources	<u>\$ 504,413</u>	<u>\$ 1,765,574</u>	<u>\$ 2,269,987</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 46,767	\$ 46,767
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 46,767</u>	<u>\$ 46,767</u>

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

\$728,304 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 96,120	\$ 408,240	\$ 504,360
2023	90,624	273,466	364,090
2024	74,062	304,039	378,101
2025	<u>55,631</u>	<u>192,734</u>	<u>248,365</u>
Total	<u>\$ 316,437</u>	<u>\$1,178,479</u>	<u>\$ 1,494,916</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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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, 2020, are presented below:

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

Sensitivity of the Academy’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive in the discount rate, and to illustrate the potential impact the following table presents the Academy’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Academy’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net Pension Liability	\$ 3,834,426	\$ 2,799,101	\$ 1,930,443

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

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

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS’ investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the Academy’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the Academy’s proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	\$ 10,413,286	\$ 7,313,595	\$ 4,686,865

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The Academy’s liability is 6.2 percent of wages paid.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans

See Note 8 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. 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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Academy's surcharge obligation was \$8,598, which is reported as an intergovernmental payable.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

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. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, 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>
Proportion of the Net OPEB Liability (Asset):			
Prior Measurement Date	0.03946400%	0.02943700%	
Current Measurement Date	<u>0.03980600%</u>	<u>0.03022600%</u>	
Change in Proportionate Share	<u>0.00034200%</u>	<u>0.00078900%</u>	
 Proportionate Share of the:			
Net OPEB Liability (Asset)	\$ 865,110	\$ (531,221)	
OPEB Expense	\$ 70,147	\$ (18,805)	\$ 51,342

At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 11,363	\$ 34,039	\$ 45,402
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	9,747	18,620	28,367
Changes of Assumptions	147,472	8,769	156,241
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	204,488	32,000	236,488
Academy Contributions Subsequent to the Measurement Date	8,598	-	8,598
Total Deferred Outflows of Resources	<u>\$ 381,668</u>	<u>\$ 93,428</u>	<u>\$ 475,096</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 439,971	\$ 105,812	\$ 545,783
Changes of Assumptions	21,790	504,571	526,361
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	13,943	8,163	22,106
Total Deferred Inflows of Resources	<u>\$ 475,704</u>	<u>\$ 618,546</u>	<u>\$ 1,094,250</u>

\$8,598 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (8,507)	\$ (130,832)	(139,339)
2023	(7,802)	(118,230)	(126,032)
2024	(7,915)	(113,810)	(121,725)
2025	(25,284)	(111,083)	(136,367)
2026	(36,181)	(25,676)	(61,857)
Thereafter	<u>(16,945)</u>	<u>(25,487)</u>	<u>(42,432)</u>
Total	<u>\$ (102,634)</u>	<u>\$ (525,118)</u>	<u>\$ (627,752)</u>

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

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 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. 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, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS’ actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

Sensitivity of the Academy’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability	\$ 1,058,879	\$ 865,110	\$ 711,072

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability	\$ 681,212	\$ 865,110	\$ 1,111,040

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the Board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 9 – Defined Benefit OPEB Plans (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability (Asset)	\$ (462,197)	\$ (531,221)	\$ (589,786)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability (Asset)	\$ (586,151)	\$ (531,221)	\$ (464,309)

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

Note 10 - Restricted Net Position

At June 30, 2021, the Academy reported restricted net position as follows:

Food Service program	\$ 689,269
Student Wellness and Success	558,335
Miscellaneous State Grants	<u>13,500</u>
Total	<u>\$ 1,261,104</u>

Note 11 – Investment in Limited Liability Company (LLC)

West End Cincinnati Victory Partners, LLC, Inc. (Company) is an Ohio limited liability company organized in 2005 under the laws of the State of Ohio to acquire, develop, and improve real estate located in Cincinnati, Ohio for the functional use of its members. The Company was formed by the Academy and the Young Men’s Christian Association of Greater Cincinnati (YMCA). Both members are tax-exempt organizations under Section 501 (c) (3) of the Internal Revenue Code.

Based on the Company’s operating agreement and the initial capital contributions, CCPA has 75 membership units and the YMCA has 25 membership units. Additional capital contributions were required under the operating agreement to fund the development and improvements to the real estate. Annually, the members, subject to mutual agreement, contribute additional capital to the Company based on operation needs in proportion to their membership units.

The Company will continue to operate until the sale or disposition of the assets of the Company unless terminated earlier according to the terms of the operating agreement.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 11 – Investment in Limited Liability Company (LLC) (Continued)

The Academy accounts for the Company as an equity interest in a joint venture. The Academy's equity interest in the Company is reported in the statement of net position, and the Academy's share of the Company's change in net position is reported in the statement of revenues, expenses and changes in net position.

The YMCA is the managing partner of the Company. The Academy also initially funded the Company through an entity contribution of \$750,750 and has seen the balance grow to \$1,616,556. The beginning balance was \$794,209 and for fiscal year 2021 the Academy's share of the operating deficit of (\$72,021) plus capital contributions resulted in an investment of \$756,999.

Note 12 - Contingencies

A. 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2021, if applicable, cannot be determined at this time. However, in the opinion of the Academy, any such disallowed claims will not have a material adverse effect on the financial position of the Academy at fiscal year-end.

B. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review 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 2021 and determined the Academy was underpaid by \$11,493. This amount is reported as intergovernmental receivable on the statement of net position. Although FTE reviews have not been finalized, it is in the opinion of the Academy that any additional reviews will not have a material adverse effect on the financial position of the Academy at fiscal year-end.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 13 - Contracted Fiscal Services

The Academy is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The agreement may be terminated by either party, with or without cause, by giving the other party thirty days written notice to terminate. The agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer Services
3. Payroll / Payables Services
4. CCIP Budget / Federal Programs Monitoring
5. EMIS / DASL / SOES Services

The total payments for these services during fiscal year 2021 was \$250,873.

Note 14 - Other Employee Benefits

Employee Medical and Dental Benefits - The Academy has purchased insurance from Guardian Life Insurance Company to provide employee dental and vision benefits. The Academy has also purchased insurance from Medical Mutual and Colonial Life Insurance to provide employee medical/surgical and life benefits, respectively. The Academy pays 90% of the employee premium.

Note 15 - Purchased Services

During the fiscal year, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	\$ 351,951
Contracted Food Services	300,872
Property Services	583,604
Utilities	204,355
Management Services	276,295
Health Services	137,304
Data Processing Services	31,373
Instructional Services	30,594
Other Services	78,485
Postage/Advertising	24,069
Total	<u>\$ 2,018,902</u>

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(Continued)

Note 16 – Related Party Transaction

An agreement was entered into in February 2005 between the YMCA and the Academy to form “West End Cincinnati Victory Partners, LLC” (the LLC). The LLC owns and maintains the building which the Academy and the YMCA occupy. The Academy owns 75% of the LLC.

Note 17 - Change in Accounting Principles

For the fiscal year ended June 30, 2021, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, and certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Academy.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Academy.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Academy.

Note 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Academy. The Academy's investment portfolio and the investments of the pension and other employee benefit plan in which the Academy participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Academy's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 19 – Subsequent Event

On August 20, 2021, the PPP loan requirements were met and the Academy's loan of \$1,289,200 was forgiven.

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REQUIRED SUPPLEMENTARY INFORMATION

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**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.0423195%	0.0393852%	0.0349670%	0.0272124%	0.0244535%	0.0239190%	0.022904%	0.022904%
Academy's Proportionate Share of the Net Pension Liability	\$ 2,799,101	\$ 2,356,486	\$ 2,002,642	\$ 1,625,881	\$ 1,789,771	\$ 1,364,841	\$ 1,159,158	\$ 1,362,027
Academy's Covered Payroll	\$ 1,408,993	\$ 839,948	\$ 1,310,681	\$ 845,029	\$ 724,664	\$ 786,153	\$ 544,023	\$ 703,367
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.66%	280.55%	152.79%	192.41%	246.98%	173.61%	213.07%	193.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.03022591%	0.02943653%	0.02742360%	0.02591858%	0.02575801%	0.02480661%	0.02178700%	0.02178700%
Academy's Proportionate Share of the Net Pension Liability	\$ 7,313,595	\$ 6,509,712	\$ 6,029,834	\$ 6,157,014	\$ 8,621,982	\$ 6,855,821	\$ 5,299,348	\$ 6,312,548
Academy's Covered Payroll	\$ 3,643,807	\$ 3,301,771	\$ 3,355,579	\$ 2,829,814	\$ 2,449,907	\$ 2,391,759	\$ 1,634,546	\$ 2,246,623
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.71%	197.16%	179.70%	217.58%	351.93%	286.64%	324.21%	280.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

SCHEDULE OF ACADEMY'S PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 187,976	\$ 197,259	\$ 113,393	\$ 176,942	\$ 118,304	\$ 101,453	\$ 103,615	\$ 71,267	\$ 97,346	\$ 127,614
Contributions in relation to the contractually required contribution	\$ 187,976	\$ 197,259	\$ 113,393	\$ 176,942	\$ 118,304	\$ 101,453	\$ 103,615	\$ 71,267	\$ 97,346	\$ 127,614
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy's Covered Payroll	\$ 1,342,686	\$ 1,408,993	\$ 839,948	\$ 1,310,681	\$ 845,029	\$ 724,664	\$ 786,153	\$ 544,023	\$ 703,367	\$ 948,803
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.10%	13.84%	13.45%

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

SCHEDULE OF ACADEMY'S PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 540,328	\$ 510,133	\$ 462,248	\$ 469,781	\$ 396,174	\$ 342,987	\$ 334,846	\$ 212,491	\$ 292,061	\$ 263,155
Contributions in relation to the contractually required contribution	\$ 540,328	\$ 510,133	\$ 462,248	\$ 469,781	\$ 396,174	\$ 342,987	\$ 334,846	\$ 212,491	\$ 292,061	\$ 263,155
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy's Covered Payroll	\$ 3,859,486	\$ 3,643,807	\$ 3,301,771	\$ 3,355,579	\$ 2,829,814	\$ 2,449,907	\$ 2,391,759	\$ 1,634,546	\$ 2,246,623	\$ 2,024,269
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.0398060%	0.0394640%	0.0341583%	0.0274045%	0.0274045%
Academy's Proportionate Share of the Net OPEB Liability	\$ 865,110	\$ 992,424	\$ 947,644	\$ 735,465	\$ 781,130
Academy's Covered Payroll	\$ 1,408,993	\$ 839,948	\$ 1,310,681	\$ 845,029	\$ 724,664
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	61.40%	118.15%	72.30%	87.03%	107.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST FIVE FISCAL YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Academy's Proportion of the Net OPEB Liability (Asset)	0.03022600%	0.02943700%	0.02743600%	0.02591858%	0.24301222%
Academy's Proportionate Share of the Net OPEB Liability (Asset)	\$ (531,221)	\$ (487,547)	\$ (441,000)	\$ 1,011,247	\$ 704,300
Academy's Covered Payroll	\$ 3,643,807	\$ 3,301,771	\$ 3,355,579	\$ 2,829,814	\$ 2,449,907
Academy's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.58%	-14.77%	-13.14%	35.74%	28.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

SCHEDULE OF ACADEMY'S OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution (1)	\$ 8,598	\$ 5,384	\$ 16,809	\$ 6,553	\$ 13,966	\$ 11,715	\$ 6,463	\$ 762	\$ 1,113	\$ 41,356
Contributions in Relation to the Contractually Required Contribution	\$ 8,598	\$ 5,384	\$ 16,809	\$ 6,553	\$ 13,966	\$ 11,715	\$ 6,463	\$ 762	\$ 1,113	\$ 41,356
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy's Covered Payroll	\$ 1,342,686	\$ 1,408,993	\$ 839,948	\$ 1,310,681	\$ 845,029	\$ 724,664	\$ 786,153	\$ 544,023	\$ 703,367	\$ 948,803
OPEB Contributions as a Percentage of Covered Payroll (1)	0.64%	0.38%	2.00%	0.50%	1.65%	1.62%	0.82%	0.14%	0.16%	4.36%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

SCHEDULE OF ACADEMY'S OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,345	\$ 22,466	\$ 21,478
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,345	\$ 22,466	\$ 21,478
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy's Covered Payroll	\$ 3,859,486	\$ 3,643,807	\$ 3,301,771	\$ 3,355,579	\$ 2,829,814	\$ 2,449,907	\$ 2,391,759	\$ 1,634,546	\$ 2,246,623	\$ 2,024,269
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

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

Changes in Benefit Terms - STRS

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

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 2 – NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

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

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

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

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

CINCINNATI COLLEGE PREPARATORY ACADEMY

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

NOTE 2 – NET OPEB LIABILITY (ASSET) (Continued)

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3L70	\$ 79,606	\$ 79,606
Covid-19 School Breakfast Program	10.553	3L70	44,882	44,882
National School Lunch Program	10.555	3L60	74,344	74,344
Covid-19 National School Lunch Program	10.555	3L60	<u>133,832</u>	<u>133,832</u>
Total Child Nutrition Cluster			332,663	332,663
Total U.S. Department of Agriculture			<u>332,663</u>	<u>332,663</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	3M00	1,044,341	1,161,378
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	3M20	197,204	204,109
Supporting Effective Instruction State Grants	84.367	3Y60	98,811	103,632
Student Support and Academic Enrichment Program	84.424	3H10	73,911	83,518
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	635,067	653,331
COVID-19 Education Stabilization Fund	84.425U	3HS0	-	34,516
Total U.S. Department of Education			<u>2,049,333</u>	<u>2,240,483</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	5CV1	-	13,698
Total Receipts and Expenditures of Federal Awards			<u>\$ 2,381,996</u>	<u>\$ 2,586,844</u>

The accompanying notes are an integral part of this schedule.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cincinnati College Preparatory Academy (the Academy's) under programs of the federal Academy for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The Academy does not pass certain federal awards received from Ohio Department of Education to other Academy's or not-for-profit agencies (subrecipients). As Note B describes, the Academy reports expenditures of Federal awards to subrecipients when paid in cash.

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the fair value. The Academy allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities. The Academy reported no commodities during the audit period.

OHIO AUDITOR OF STATE KEITH FABER



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

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Cincinnati College Preparatory Academy, Hamilton County, (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 16, 2022. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Academy.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 16, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board of Directors:

Report on Compliance for each Major Federal Program

We have audited the Cincinnati College Preparatory Academy's (the Academy) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Cincinnati College Preparatory Academy's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Academy's major federal programs.

Management's Responsibility

The Academy's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Academy's compliance for the Academy's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Academy's major programs. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on each Major Federal Program

In our opinion, Cincinnati College Preparatory Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 16, 2022

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I - Grants to Local Educational Agencies AL #84.010 Education Stabilization Fund AL #84.425D
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial reporting errors	Fully corrected	

OHIO AUDITOR OF STATE KEITH FABER



CINCINNATI COLLEGE PREPARATORY ACADEMY

HAMILTON 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 4/12/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov