A+ ARTS ACADEMY
FRANKLIN COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Governing Board
A+ Arts Academy
2633 Maybury Road
Columbus, Ohio 43232

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 02, 2025

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Franklin County
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For the Fiscal Year Ended June 30, 2023

Independent Auditor's Report

Members of the Board
A+ Arts Academy
270 S Napoleon Avenue
Columbus, Ohio 43213

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of A+ Arts Academy, Franklin County, Ohio, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Academy. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The schedule of federal awards expenditures, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide on opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Millhuff-Stang CPA/Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 13, 2024

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

Key Financial Highlights of the Academy

Key 2023 financial highlights for the Academy are as follows:

- The Academy saw the net position increase by $1,435,289 during fiscal year 2023. The Academy is required to report a net pension liability and OPEB liability of $4,814,746 as some of the components that significantly reduce the Academy's net position. By removing the items, and related deferrals, included from GASB 68 and GASB 75, the Academy would report a net position of $3,417,949.

- The total assets of the Academy were $4,243,559 as of June 30, 2023 which is up over 12% from fiscal year 2022. The Academy saw the capital assets increase by 35% as the current assets dropped about 16%.

- The Academy decreased the overall debt associated with the Academy by $90,266.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of four components: the management discussion and analysis, the basic financial statements, notes to those statements and required supplementary information related to pension and other postemployment benefits. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the Academy's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Academy's net position changed during the most recent fiscal year.

The statement of cash flows presented the sources and uses of the Academy's cash and how it changed during the most recent fiscal year.

Financial Analysis

Table 1 provides a summary of the Academy's net position at fiscal year-end for fiscal years 2023 and 2022 (GAAP basis).

Table 1
Net Position at Year End

	2023	2022
Assets:		
Current and Other Assets	$ 1,284,278	$ 1,529,898
Noncurrent Assets	2,959,281	2,255,400
Total Assets	4,243,559	3,785,298
Deferred Outflows	1,328,347	1,563,222
Liabilities		
Current Liabilities	379,311	578,392
Long-term Liabilities		
Net Pension Liability	4,592,985	2,945,285
Net OPEB Liability	221,761	320,689
Other Long-term Liabilities	8,129	203,845
Total Liabilities	5,202,186	4,048,211
Deferred Inflows	2,404,657	4,770,535
Net Position:		
Net investment in capital assets	2,408,212	1,683,879
Restricted	712,939	579,929
Unrestricted (Deficit)	(5,156,088)	(5,734,034)
Total Net Position	$ (2,034,937)	$ (3,470,226)

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Academy also reports a net OPEB liability/asset under GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Other than the pension items, the Academy saw current assets decrease by $245,620 as the Academy saw the cash activity decrease $130,813, the intergovernmental receivable was down slightly, and the Academy reported a prepaid asset in the prior year that was not recorded for fiscal year 2023. The current liabilities decreased $199,081 as there were accrued wages and compensated absences reported for fiscal year 2022 but effective December 2022, the Academy no longer had employees and used contracted service. The net pension and OPEB liabilities increased due to the changes reported by the retirement systems which pushed the overall long-term liabilities higher by $1,353,056.

Financial Analysis

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

Changes in Net Position

	2023	2022
Operating Revenues:		
State Foundation	$ 4,050,084	$ 4,197,744
Other Unrestricted State Grants	28,824	34,444
Other	60,926	84,592
Total Operating Revenues	4,139,834	4,316,780
Operating Expenses:		
Salaries	1,131,432	2,783,379
Fringe Benefits	(90,586)	(51,103)
Purchased Services	4,073,908	2,083,880
Materials and Supplies	481,110	379,491
Depreciation	130,399	76,089
Other	26,401	236,725
Total Operating Expenses	5,752,664	5,508,461
Operating Loss	(1,612,830)	(1,191,681)
Nonoperating Revenues (Expenses)		
Federal Grants	3,054,293	3,056,344
Gain on Sale of Capital Assets	-	78,466
Interest Expenses	(6,174)	(9,443)
Total Nonoperating Revenues (Expenses)	3,048,119	3,125,367
Change in Net Position	1,435,289	1,933,686
Net Position, Beginning of Year	(3,470,226)	(5,403,912)
Net Position, End of the Year	$ (2,034,937)	$ (3,470,226)

As the student population dropped about 20% during fiscal year 2023 but was still over 400. The Academy only saw the foundation revenue decrease by $147,660. The federal grant revenue was virtually unchanged between the two years. The Academy's overall operating expenses were higher in fiscal year 2023 by just over four percent. The Academy saw significant changes in the line items though as the Academy changed from having employees and provided benefits to using contracted staff through the management company. The salaries dropped by 59 percent and purchase services almost doubled from the prior year because of this change.

Budget Highlights

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on a bi-annual basis.

Capital Assets

At the end of 2023, the Academy had $2,521,111 (net of $1,065,416 in accumulated depreciation) invested in land, buildings and improvements, and furniture and equipment. Table 3 shows the fiscal year 2023 balances compared to fiscal year 2022:

Table 3
Capital Assets at June 30 (net)

	2023	2022	Change
Land	$143,141	$143,141	$0
Building and Land Improvements	2,187,957	1,629,668	558,289
Furniture and Equipment	190,013	97,235	92,778
Totals	$2,521,111	$1,870,044	$651,067

For more information on the Academy's capital assets refer to note 6 of the notes to the financial statements.

Debt

At June 30, 2023, the Academy paid down $83,191 on the mortgage payable. For more information on the Academy's debt refer to Note 11 of the notes to the financial statements.

Current Financial Issues

The Academy continues to see strong enrollment although it has declined over the last two years. The Academy received funding in 2023 based on 409 FTE students. The Academy receives its funding mostly from state aid. Foundation revenue for fiscal year 2024 as of November 2023 amounts to $4,403,218 on 364 FTE, which is up about $333,208 over the June 2023 calculation as the phase in continues to increase.

Contacting the Academy

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the treasurer of A+ Arts Academy, 2633 Maybury Road, Columbus, Ohio 43232.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF NET POSITION

AS OF JUNE 30, 2023

Assets:	
Current assets:	
Cash and cash equivalents	$ 986,491
Intergovernmental receivable	297,787
Total current assets	1,284,278
Noncurrent assets:	
Net OPEB asset	438,170
Capital assets:	
Nondepreciable capital assets	143,141
Depreciable capital assets	2,377,970
Total capital assets	2,521,111
Total noncurrent assets	2,959,281
Total Assets	4,243,559
Deferred Outflows of Resources:	
Pension	1,200,529
OPEB	127,818
Total Deferred Outflows of Resources	1,328,347
Liabilities:	
Current liabilities	
Accounts payable	291,541
Current portion of financed purchases payable	2,072
Current portion of mortgage payable	85,698
Total current liabilities	379,311
Long term liabilities	
Net Pension liability	4,592,985
Net OPEB liability	221,761
Mortgage Payable (net of current)	8,129
Total long term liabilities	4,822,875
Total Liabilities	5,202,186
Deferred Inflows of Resources:	
Pension	1,500,376
OPEB	904,281
Total Deferred Inflows of Resources	2,404,657
Net Position:	
Net investment in capital assets	2,408,212
Restricted	712,939
Unrestricted (Deficit)	(5,156,088)
Total Net Position	$ (2,034,937)

See accompanying notes to the basic financial statements

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating revenues:		
Foundation payments	$	4,050,084
Other Unrestricted State Grants		28,824
Other operating revenues		60,926
Total operating revenues		4,139,834
Operating expenses:		
Salaries		1,131,432
Fringe benefits		46,993
Changes in net pension and OPEB		(137,579)
Purchased services		4,073,908
Materials and supplies		481,110
Depreciation		130,399
Other operating expenses		26,401
Total operating expenses		5,752,664
Operating Loss		(1,612,830)
Non-Operating revenues and expenses:		
Federal grants		3,054,293
Interest and fiscal charges		(6,174)
Total non-operating revenues and expenses		3,048,119
Change in net position		1,435,289
Net position at beginning of year		(3,470,226)
Net position at end of year	$	(2,034,937)

See accompanying notes to the basic financial statements

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 4,081,873
Cash received from Other State Unrestricted	28,824
Cash received from other operating revenues	81,137
Cash payments for personal services	(2,155,063)
Cash payments for purchased services	(3,923,744)
Cash payments for supplies and materials	(406,976)
Cash payments for other expenses	(26,401)
Net cash used for operating activities	(2,320,350)
Cash flows from noncapital financing activities:	
Cash received from state and federal grants	3,067,443
Net cash provided by noncapital financing activities	3,067,443
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(781,466)
Principal paid on debt obligations	(90,266)
Interest paid on debt obligations	(6,174)
Net cash used by capital and related financing activities	(877,906)
Net change in cash and cash equivalents	(130,813)
Cash and Cash Equivalents at beginning of year	1,117,304
Cash and Cash Equivalents at end of year	986,491

Reconciliation of operating loss to net cash used for operating activities:

Operating Loss	(1,612,830)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	130,399
Change in assets and liabilities:	
Decrease in prepaids	101,657
Decrease in deferred outflows	234,875
Increase in accounts payable	174,641
Decrease in accrued wages and benefits	(316,920)
Decrease in intergovernmental payable	(51,185)
Decrease in compensated absences payable	(111,067)
Decrease in deferred inflows	(2,365,878)
Change in net pension/opeb asset/liability	1,495,958
Net cash used for operating activities	$ (2,320,350)

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

The A+ Arts Academy, Franklin County, Ohio (the "Academy"), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide an Academy exclusively for any educational, literary, scientific and related teaching service. The Academy's objective is to deliver a unique opportunity for students who show a strong interest or talent in the visual arts which can be delivered to students in grades K - 8. It is to be operated in cooperation with the public schools to provide an appreciation of the visual arts through studies of its history, theory and design. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy is approved for operation under a contract with the Ohio Department of Education (the "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 self-appointed five-member Governing 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 Academy is not considered a component unit for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," and GASB Statement No. 97 "Certain Component Unit Criteria, and accounting and financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Academy uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs. The Academy's financial statements are prepared using the accrual basis of accounting.

C. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032 (C). However, unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Investments

All monies received by the Academy are accounted for by the Academy's treasurer. All cash received is maintained in accounts in the Academy's name. Monies for the Academy are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Capital Assets and Depreciation

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

Capital assets are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Building and Improvements	10-50 years
Land Improvements	15 years
Other Equipment	10 years
Copiers and Furniture	5 years
Computer Equipment	3 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Academy is reporting intangible right to use assets related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

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

Amounts awarded under the items above for the year ended June 30, 2023 totaled $7,133,201.

G. Accrued Liabilities and Long-Term Obligations

All accrued liabilities and long-term obligations are reported in the basic financial statements.

H. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Deferred Outflows/Inflows of Resources

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of net 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 and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. (See Notes 9 and 10)

J. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to 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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily the State Foundation program and specific charges to the students or users of the Academy. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

NOTE 3 – CASH AND CASH EQUIVALENTS

At fiscal year end June 30, 2023, the carrying amount of the Academy's deposits was $986,491 and the bank balance was $993,861. Of the bank balance, $743,861 was not exposed to custodial credit risk as discussed below, while $250,000 was covered by Federal Deposit Insurance.

The Academy has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4 – PURCHASED SERVICES

For the fiscal year ended June 30, 2023, purchased services expenses are as follows:

Professional and Technical	$	2,073,739
Food Service		326,425
Data Services		23,576
Sponsorship		121,587
Utilities		126,091
Management Company Services		901,345
Legal Fees		71,750
Communications		12,817
Travel/Meetings/Transportation		15,520
Property Services		398,573
Other		2,485
	$	4,073,908

NOTE 5 – RECEIVABLES

Receivables at June 30, 2023, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. The Academy reported $901 federal and state food subsidies, $151,438 for ESSER, $67,935 for American Rescue Plan Grant, $9,286 for Title VI-B, $49,157 for Title I, $16,792 for Title IV-A, and $2,278 for Preschool Grant.

NOTE 6 – CAPITAL ASSETS

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

	Balance 6/30/22	Additions	Deductions	Balance 6/30/23
Capital Assets Not Being Depreciated				
Land	$143,141	$0	$0	$143,141
Total Capital Assets Not Being Depreciated	143,141	0	0	143,141
Capital Assets Being Depreciated				
Land Improvements	44,217	0	0	44,217
Building	2,089,007	652,225	0	2,741,232
Furniture and Equipment	479,901	129,241	0	609,142
Intangible Right to Use, Equipment	48,795	0	0	48,795
Total Capital Assets Being Depreciated	2,661,920	781,466	0	3,443,386
Less Accumulated Depreciation				
Land Improvements	(26,482)	(2,653)	0	(29,135)
Building	(477,074)	(91,283)	0	(568,357)
Furniture and Equipment	(400,720)	(27,680)	0	(428,400)
Intangible Right to Use, Equipment	(30,741)	(8,783)	0	(39,524)
Total Accumulated Depreciation	(935,017)	(130,399)	0	(1,065,416)
Total Capital Assets Being Depreciated, Net	1,726,903	651,067	0	2,377,970
Capital Assets, Net	$1,870,044	$651,067	$0	$2,521,111

NOTE 7 – SPONSORSHIP AGREEMENT

The Academy has entered into a sponsorship agreement with the Ohio Department of Education (the Sponsor), whereby, the Sponsor shall receive compensation for services provided to the Academy. The Sponsor shall provide the Academy Treasurer with fiscal oversight and administrative support related to the following:

A. Support to ensure that the financial records of the Academy are maintained pursuant to rules of the Auditor of State.

B. Compliance with the policies and procedures regarding internal financial control of the Academy.

C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the Academy paid the Sponsor $121,587 in sponsorship fees.

NOTE 8 – RISK MANAGEMENT

A. Insurance Coverage

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. The Academy maintains insurance coverage for commercial general liability, automobile liability, workers compensation and employers' lability, blanket building and building personal property, school leaders' errors and omissions.

There have been no claims for the past three years. There has been no significant reduction in the amount of insurance coverage from the prior fiscal year.

B. Workers' Compensation

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

The net pension liability 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 liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 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 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 liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* 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 the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – The Academy's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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 55 with 25 years of service credit Age 60 with 5 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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. The Board approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

The Academy's contractually required contribution to SERS was $118,087 for fiscal year 2023. Of this amount $0 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 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

The Academy's contractually required contribution to STRS was $299,404 for fiscal year 2023. Of this amount $0 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability - prior measurement date	0.0164908%	0.018276556%	
Proportion of the Net Pension Liability - current measurement date	0.0153671%	0.016922140%	
Change in proportionate share	-0.0011237%	-0.001354416%	
Proportionate Share of the Net Pension Liability	$831,172	$3,761,813	$4,592,985
Pension Expense	($234,505)	$217,369	($17,136)

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$33,663	$48,156	$81,819
Net difference between projected and actual earnings on pension plan investments	0	130,902	130,902
Changes in proportion share	11,117	100,822	111,939
Changes in assumptions	8,201	450,177	458,378
Academy contributions subsequent to the measurement date	118,087	299,404	417,491
Total Deferred Outflows of Resources	$171,068	$1,029,461	$1,200,529
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$29,003	$0	$29,003
Differences between expected and actual experience	5,456	14,390	19,846
Changes in assumptions	0	338,853	338,853
Changes in proportion share	235,200	877,474	1,112,674
Total Deferred Inflows of Resources	$269,659	$1,230,717	$1,500,376

$417,491 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 year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($200,067)	($210,917)	($410,984)
2025	(23,380)	(333,920)	(357,300)
2026	(41,431)	(337,331)	(378,762)
2027	48,200	381,508	429,708
Total	($216,678)	($500,660)	($717,338)

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

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

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

Mortality rates for 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

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

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was also 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$1,223,446	$831,172	$500,687

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll increases	3.00 percent
Cost-of-Living Adjustments	0% effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was also 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$5,682,730	$3,761,813	$2,137,312

NOTE 10 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability or an asset to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

GASB 75 assumes the liability or asset is solely the obligation/asset of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2023, the contribution to health care was 0 percent. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Academy paid $0 for the SERS surcharge.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. 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, 2023, STRS Ohio did not allocate any employer contributions to post-employment health care.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) 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 was based on the Academy's share of contributions to the OPEB plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability (Asset) -			
prior measurement date	0.0169445%	0.018276556%	
Proportion of the Net OPEB Liability (Asset) -			
current measurement date	0.0157948%	0.016922140%	
Change in proportionate share	-0.0011497%	-0.001354416%	
Proportionate Share of the Net			
OPEB Liability/(Asset)	$221,761	($438,170)	($216,409)
OPEB Expense (Income)	($42,805)	($77,638)	($120,443)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and			
actual experience	$1,864	$6,352	$8,216
Net difference between projected and			
actual earnings on pension plan investments	1,152	7,623	8,775
Changes in proportion share	22,849	34,036	56,885
Changes in assumptions	35,274	18,668	53,942
Total Deferred Outflows of Resources	$61,139	$66,679	$127,818
Deferred Inflows of Resources			
Differences between expected and			
actual experience	$141,855	$65,805	$207,660
Changes in assumptions	91,034	310,715	401,749
Change in proportionate share	284,379	10,493	294,872
Total Deferred Inflows of Resources	$517,268	$387,013	$904,281

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

$0 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 or increase in net OPEB asset in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($116,419)	($99,177)	($215,596)
2025	(116,046)	(97,648)	(213,694)
2026	(110,777)	(40,263)	(151,040)
2027	(60,510)	(12,819)	(73,329)
2028	(18,001)	(18,861)	(36,862)
Thereafter	(34,376)	(51,566)	(85,942)
Total	($456,129)	($320,334)	($776,463)

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.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
7.00 percent net of investments expense, including inflation	
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Medical Trend Assumption	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent

For 2022, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2022 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.34
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Credit	3.00	5.38
Total	100.00 %	

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

NOTE 10 – 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Academy's proportionate share of the net OPEB liability	$275,430	$221,761	$178,435

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Academy's proportionate share of the net OPEB liability	$171,017	$221,761	$288,040

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Blended Discount Rate of Return	7.00 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	7.50 percent initial, 3.94 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug	
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate
Medicare	-5.47 percent initial, 3.94 percent ultimate

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

NOTE 10 – 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.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022, and was also 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net OPEB asset	($405,077)	($438,170)	($466,518)

	1% Decrease	Current Trent Rate	1% Increase
Academy's proportionate share of the net OPEB asset	($454,489)	($438,170)	($417,572)

NOTE 11 – DEBT

Long-term debt outstanding for the Academy as of June 30, 2023 was as follows:

Description	Balance 06/30/22	Additions	Deletions	Balance 06/30/23	Due Within One Year
Mortgage from Direct Borrowing	$177,018	$0	$83,191	$93,827	$85,698

Other long-term obligations for the Academy as of June 30, 2023 was as follows:

Description	Balance 06/30/22	Additions	Deletions	Balance 06/30/23	Due Within One Year
Leases Payable	9,147	$0	$7,075	$2,072	$2,072
Compensated Absences	111,067	0	111,067	0	
Net Pension Liability					
SERS	608,463	222,709	0	831,172	0
STRS	2,336,822	1,424,991	0	3,761,813	0
Net OPEB Liability					
SERS	320,689	0	98,928	221,761	0
Total	$3,563,206	$1,647,700	$300,261	$4,910,645	$87,770

2006 Mortgage loan payable: On May 31, 2006 the Academy issued a mortgage loan in the amount of $915,000 with an interest rate of 8.25% (variable rate) to be repaid over 30 years. The loan was issued to purchase a building which is used as classrooms for the Academy. On April 1, 2015, the Academy amended the terms of the mortgage loan. The new loan has an interest rate of 5.00% from May 1, 2015 through May 1, 2020 and then a variable interest rate based on an index from May 1, 2020 through April 1, 2025, on which date the loan matures. The interest rate at fiscal year-end was 4.33%.

The Academy reports a portion of the unfunded net OPEB liability with the School Employees' retirement system (SERS) as described in Note 10. The State Teachers' Retirement System (STRS) reports a net OPEB asset for the current year. The Academy also reports a portion of the unfunded net pension liability for both SERS and STRS. In the prior year, the Academy reported compensated absences payable for accrued vacation leave. The Academy no longer has employees.

NOTE 11 – DEBT (continued)

Principal and interest requirements to retire mortgage payable outstanding at June 30, 2023 are as follows:

Fiscal Year	Mortgage Payable		
Ending June 30,	Principal	Interest	Total
2024	$85,698	$2,418	$88,116
2025	8,129	38	8,167
Total	$93,827	$2,456	$96,283

The notes are secured by a mortgage and an assignment of rents. Upon default, the lender may declare the entire unpaid balance under the notes, and all accrued unpaid interest, immediately due. In addition, the Academy would be liable for any attorneys' fees, collections fees and expenses for bankruptcy proceedings, and appeals.

Leases Payable: The Academy has outstanding agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease. The discount is being amortized using the interest method over the life of the lease. The entire principal of $2,072 and interest of $52 is due in fiscal year 2025.

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.

B. Academy Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As a result, the impact of FTE adjustments on the fiscal year 2023 financial statements is a payable of $2,965.

For fiscal year 2023, Academy foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. This funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The Academy's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 33.33 percent for fiscal year 2023 and 50 percent for fiscal year 2024.

NOTE 13 – MANAGEMENT COMPANY AND MANAGEMENT COMPANY EXPENSES

The Academy entered into an agreement with Educational Empowerment Group, LLC (EEG), a management company, to provide legal, financial and other management services for fiscal year 2023. The agreement was for a period of three-years beginning July 1, 2022 through June 30, 2025. Management fees are calculated as 16% of the Academy's qualified gross revenues that are defined as revenue per student received by the Academy from the State pursuant to the Ohio Revised Code and shall not include facilities funding from any source, federal funds or revenues, PTA/PTO income, the National School Lunch Program funding, or any Medicaid funds. The total amount due from the Academy for fiscal year ending June 30, 2023 was $616,321 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes In Net Position.

Also per the management agreement there are expenses that will be billed to the Academy based on actual costs incurred by EEG. Those expenses include salaries of EEG employees working at the Academy and other costs related to providing education and administrative services. The total amount billed to the Academy inclusive of management fees during fiscal year 2023 was $901,345.

As of June 30, 2023, Educational Empowerment, LLC and its affiliates incurred the following expenses on behalf of the Academy:

A+ Arts Academy	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Support Services (2000 Function codes)	Non-Instructional (3000-7000 Function codes)	Total
Direct Expenses:					
Salaries & wages (100 object codes)	$832,794	$184,410	$778,962	$2,444	$1,798,610
Employees' benefits (200 object codes)	0	0	0	10,622	10,622
Professional & technical services (410 object codes)	0	0	0	591,834	591,834
Property services (420 object codes)	0	0	0	37,913	37,913
Contracted craft or trade service (460 object codes)	0	0	0	4,183	4,183
Supplies (500 object codes)	0	0	0	9,280	9,280
Other direct costs (All other object codes)	0	0	0	23,397	23,397
Overhead	0	0	0	482,100	482,100
Total Expenses	$832,794	$184,410	$778,962	$1,161,773	$2,957,939

Overhead charges are assigned to the Academy based on a percentage of full time equivalent head count. These charges represent the indirect cost of services provided in the operation of the Academy. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support, marketing and communications.

Fiscal Services

The Academy is party to a fiscal services agreement with Michael Ashmore, who is an independent contractor. The agreement may be terminated by either party, with or without cause, by giving the other party ninety (90) days written notice to terminate. The agreement provides that Michael Ashmore will perform the following functions for the Academy: 1) financial management services, 2) treasurer services, 3) payroll/payable services, and 4) submission of project cash requests for CCIP.

Payments to Michael Ashmore during fiscal year 2023 totaled $25,000.

NOTE 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the Academy received $1,481,639 in COVID-19 and American Rescue Recovery Act funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the Academy. The impact on the Academy's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Academy's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2023, the Academy implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement 96 requires the recognition of certain subscription assets and liabilities for multi-year technology arrangements without a cancellation clause that the Academy has control over. The implementation of this standard had no effect on beginning net position as the Academy had no agreements that met the reporting requirements.

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The Academy's Proportion of the Net Pension Liability	0.0153671%	0.0164908%	0.0301747%	0.0276720%	0.0269711%	0.030080%	0.026386%	0.017625%	0.013869%	0.013869%
The Academy's Proportion Share of the Net Pension Liability	$ 831,172	$ 608,463	$ 1,995,818	$ 1,655,664	$ 1,544,685	$ 1,797,196	$ 1,931,175	$ 1,005,694	$ 701,902	$ 824,745
The Academy's Covered Payroll	$ 612,136	$ 547,929	$ 943,471	$ 1,037,895	$ 863,664	$ 982,947	$ 838,321	$ 542,282	$ 1,046,307	$ 966,423
The Academy's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	135.78%	111.05%	211.54%	159.52%	178.85%	182.84%	230.36%	185.46%	67.08%	85.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Amount presented as of the Academy's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The Academy's Proportion of the Net Pension Liability	0.016922140%	0.018276556%	0.02251413%	0.02389036%	0.02235629%	0.02013573%	0.02054973%	0.01356099%	0.09695000%	0.09695000%
The Academy's Proportion Share of the Net Pension Liability	$ 3,761,813	$ 2,336,822	$ 5,447,618	$ 5,283,210	$ 4,915,646	$ 4,783,286	$ 6,878,614	$ 3,747,891	$ 2,358,099	$ 2,808,952
The Academy's Covered Payroll	$ 2,445,200	$ 2,172,443	$ 2,647,729	$ 2,861,835	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,295,605	$ 1,312,245
The Academy's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	153.84%	107.57%	205.75%	184.61%	187.00%	222.30%	303.35%	251.26%	182.01%	214.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	70.10%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Amount presented as of the Academy's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's Pension Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 118,087	$ 85,699	$ 76,710	$ 132,086	$ 140,116	$ 120,913	$ 137,612	$ 117,365	$ 71,473	$ 56,087
Contributions in Relation to the Contractually Required Contribution	(118,087)	(85,699)	(76,710)	(132,086)	(140,116)	(120,913)	(137,612)	(117,365)	(71,473)	(56,087)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 843,479	$ 612,136	$ 547,929	$ 943,471	$ 1,037,895	$ 863,664	$ 982,947	$ 838,321	$ 542,282	$ 406,667
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 299,404	$ 342,328	$ 304,142	$ 370,682	$ 400,657	$ 368,010	$ 301,238	$ 317,456	$ 208,826	$ 140,709
Contributions in Relation to the Contractually Required Contribution	(299,404)	(342,328)	(304,142)	(370,682)	(400,657)	(368,010)	(301,238)	(317,456)	(208,826)	(140,709)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 2,138,600	$ 2,445,200	$ 2,172,443	$ 2,647,729	$ 2,861,835	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,082,381
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
The Academy's Proportion of the Net OPEB Liability	0.0157948%	0.0169445%	0.0285340%	0.02673700%	0.0262751%	0.0303172%	0.0266297%
The Academy's Proportion Share of the Net OPEB Liability	$ 221,761	$ 320,689	$ 620,135	$ 672,382	$ 728,942	$ 813,634	$ 813,634
The Academy's Covered Payroll	$ 612,136	$ 547,929	$ 943,471	$ 1,037,895	$ 863,664	$ 982,947	$ 838,321
The Academy's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.23%	58.53%	65.73%	64.78%	84.40%	82.77%	97.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

Amount presented as of the Academy's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability/Asset
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
The Academy's Proportion of the Net OPEB Liability/(Asset)	0.016922140%	0.018276556%	0.02251400%	0.02389000%	0.02235629%	0.02013573%	0.02054973%
The Academy's Proportion Share of the Net OPEB Liability/(Asset)	$ (438,170)	$ (385,356)	$ (395,683)	$ (395,676)	$ (359,243)	$ 785,622	$ 1,099,005
The Academy's Covered Payroll	$ 2,445,200	$ 2,172,443	$ 2,647,729	$ 2,861,835	$ 2,628,643	$ 2,151,697	$ 2,267,546
The Academy's Proportion Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	(17.92%)	(17.74%)	(14.94%)	(13.83%)	(13.67%)	36.51%	48.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	230.73%	174.73%	182.13%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

Amount presented as of the Academy's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's OPEB Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ -	$ 10,733	$ 10,610	$ 5,190	$ 13,910	$ 13,845	$ 15,567	$ 27,086	$ 15,059	$ 11,214
Contributions in Relation to the Contractually Required Contribution	-	(10,733)	(10,610)	(5,190)	(13,910)	(13,845)	(15,567)	(27,086)	(15,059)	(11,214)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 843,479	$ 612,136	$ 547,929	$ 943,471	$ 1,037,895	$ 863,664	$ 982,947	$ 838,321	$ 542,282	$ 406,667
Contributions as a Percentage of Covered Payroll	0.00%	1.75%	1.94%	0.55%	1.34%	1.60%	1.58%	3.23%	2.78%	2.76%

See accompanying notes to the required supplementary information

A+ Arts Academy
Required Supplementary Information
Schedule of the Academy's OPEB Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,824
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	(10,824)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 2,138,600	$ 2,445,200	$ 2,172,443	$ 2,647,729	$ 2,861,835	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,082,381
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2023, the SERS Board adopted the following assumption changes:
-Cost of living adjustment was increased from 2% to 2.5%.

For fiscal year 2022, the SERS Board adopted the following assumption changes:
-Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent.
-Payroll Growth Assumption was reduced from 3.50 percent to 1.75 percent.
-Assumed real wage growth was increased from 0.50 percent to 0.85 percent.
-Cost of living adjustment was reduced from 2.5% to 2%.
-The discount rate was reduced from 7.5% to 7%.
-Rates of withdrawal, retirement and disability were updated to reflect recent experience.
-Mortality among service retired members, and beneficiaries was updated to the following: PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
-Mortality among service retired members was updated to the following:
PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
-Mortality among contingent survivors was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
-Mortality among disabled members was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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 4.00-22.00 percent to 13.50-18.20 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.

Note 1 - Net Pension Liability (Continued)

Changes in Benefit Terms - SERS

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

Changes in Assumptions – STRS

For fiscal year 2023, demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed covering the period from July 1, 2015 to June 30, 2021 with changes going into effect June 30, 2022.

For fiscal year 2022, the investment return rate was decreased from 7.45% to 7.00%.

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

Changes in Benefit Terms - STRS

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

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2017)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date: (1) The assumed rate of inflation was reduced from 3.25% to 3.00%, (2) Payroll growth assumption was reduced from 4.00% to 3.50%, (3) Assumed real wage growth was reduced from 0.75% to 0.50%, (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – SERS (fiscal year 2018)

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.95 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Assumptions – SERS (fiscal year 2019)

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare	
Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Medicare	
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

Changes in Assumptions – SERS (fiscal year 2020)

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.25 to 4.75 percent
Pre-Medicare	-7 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – SERS (fiscal year 2021)

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 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

The discount rate used to measure the total OPEB asset/liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

Changes in Assumptions – SERS (fiscal year 2022)

-This discount rate changed from 2.63% to 2.27%.
-The investment rate of return was reduced from 7.50% to 7.00%.
-Assumed rate of inflation was reduced from 3.00% to 2.40%.
-Payroll Growth Assumption was reduced from 3.50% to 1.75%.
-Assumed real wage growth was increased from 0.50% to 0.85%.
-Rates of withdrawal, retirement and disability were updated to reflect recent experience.
-Rate of health care participation for future retirees and spouses was updated to reflect recent experience.
- Mortality among active members was updated to the following:
  -PUB-2010 General Amount Weighted Below Median Employee mortality table.
-Mortality among service retired members was updated to the following:
  -PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
-Mortality among beneficiaries was updated to the following:
  -PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
-Mortality among disabled member was updated to the following:
  -PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 year and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
-Mortality rates are projected using a fully generational projection with Scale MP-2020.
-Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – SERS (fiscal year 2022) (Continued)

-Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2022 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent.

Changes in Assumptions – SERS (fiscal year 2023)

The discount rate used to measure the total OPEB asset/liability at June 30, 2023 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The health care trends were updated.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2023, demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed covering the period from July 1, 2015 to June 30, 2021 with changes going into effect June 30, 2022.

For fiscal year 2022, the investment rate of return decreased from 7.45 percent to 7.00 percent. The health care trend assumption rate changed as follows: Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate and Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate.

For fiscal year 2021, health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

For fiscal year 2020, health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

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 changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – STRS (Continued)

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 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 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The Non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 021 to 2.10 percent from 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.

A+ Arts Academy
Franklin County
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Federal Awards Expenditures
<u>United States Department of Agriculture</u>			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	N/A	10.553	$65,646
National School Lunch Program	N/A	10.555	204,037
Total Child Nutrition Cluster			269,683
COVID-19 Pandemic EBT Administrative Costs	N/A	10.649	628
Total United States Department of Agriculture			270,311
<u>United States Department of Education</u>			
Passed through the Ohio Department of Education			
Special Education Cluster (IDEA)			
Special Education-Grants to States	N/A	84.027	141,007
Total Special Education Cluster (IDEA)			141,007
COVID-19 - Education Stabilization Fund	N/A	84.425D	764,512
COVID-19 - Education Stabilization Fund	N/A	84.425U	988,302
Total COVID-19 - Education Stabilization Fund			1,752,814
Title I Grants to Local Educational Agencies	N/A	84.010	418,912
Twenty-First Century Community Learning Centers	N/A	84.287	286,765
Student Support and Academic Enrichment Program	N/A	84.424	34,294
Supporting Effective Instruction State Grants	N/A	84.367	33,204
Total United States Department of Education			2,666,996
Total Federal Financial Assistance			$2,937,307

N/A - pass through entity number not available.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the Academy's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations 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 2 – 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – 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 4 – Transfers Between Program Years

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The Academy transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amount
Title I Grants to Local Educational Agencies	84.010	$294,842
Supporting Effective Instruction State Grants	84.367	11,695
Student Support and Academic Enrichment Program	84.424	32,593
Education Stabilization Fund – ARP ESSER	84.425U	2,520,351
Education Stabilization Fund – ARP Homeless Round II	84.425W	8,704

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
A+ Arts Academy
270 S Napoleon Avenue
Columbus, Ohio 43213

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards),* the financial statements of A+ Arts Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 13, 2024, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Academy.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as finding 2023-001 that we considered to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

Academy's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Academy's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Academy's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 13, 2024

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Education
A+ Arts Academy
270 S Napoleon Avenue
Columbus, Ohio 43213

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited A+ Arts Academy's, Franklin County, (the Academy) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2023. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2023.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

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www.millhuffstangcpa.com

Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding Assistance Listing No. 84.425 Education Stabilization Fund as described in finding number 2023-002 for Special Tests and Provisions – Wage Rate Requirements.

Compliance with such requirements is necessary, in our opinion, for the Academy to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Academy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Academy's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Academy's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 13, 2024

Section I – Summary of Auditor's Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?		Yes
Federal Awards		
Internal control over major program(s):		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:		Qualified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes
Identification of major program(s):		COVID-19 Education Stabilization Fund (AL #84.425D, #84.425U)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2023-001 – Noncompliance/Material Weakness – Financial Reporting

Ohio Revised Code Section 3314.024(A) states, in part, that a management company that receives more than twenty per cent of the annual gross revenues of a community school shall provide a detailed accounting including the nature and costs of goods and services it provides to the community school.

Further, Auditor of State Bulletin 2004-009 adds clarification to House Bill 364 which states, in part, that Community schools paying more than 20 percent of their gross revenues to a management company must add a new footnote to their audited financial statements beginning with the year ending June 30, 2005. This footnote should list management company expenses during the year by object codes (e.g., salaries, supplies, etc.). Furthermore, this footnote should differentiate between the direct costs and the overhead costs that a management company allocates to a community school. Additionally, a monitoring system by the Academy should be in place to prevent or detect misstatements for the fair presentation of the Academy's financial statements, and which would also include assurance that changes in accounting pronouncements are properly implemented, as applicable.

During our testing of the Academy's footnotes, we noted that they did not include the required Management Company footnote in their original Hinkle filing. The note disclosure has been added in the accompanying financial statements. Further an error in pension expense and a reclassification to net assets were noted. These errors were deemed not necessary to correct. The Academy should review prepared basic financial statements for accuracy and completeness prior to filing in the Hinkle system to ensure compliance with applicable laws.

Section III – Federal Award Findings and Questioned Costs

ALN Title and Number	COVID-19 Education Stabilization Fund, AL #84.425D, #84.425U		
Federal Award Number and Year	2023		
Federal Agency	United States Department of Education		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	**Finding Number (if repeat)**	N/A

Finding 2023-002 – Noncompliance/Material Weakness – Special Tests and Provisions – Wage Rate Requirements

2 CFR Section 3474 gives regulatory effect to the Department of Education for Appendix II to 2 CFR Section 200 which states that, in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

29 CFR Section 5.5(a)(3)(ii)(A) states, in part, that a contract in excess of $2,000 which is entered into for the actual construction, alteration and/or repair of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution shall require a clause that the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the appropriate agency if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the agency.

29 CFR Section 5.6 further states, in part, agencies which do not directly enter into such contracts shall promulgate the necessary regulations or procedures to require the recipient of the Federal assistance to insert in its contracts the provisions of Section 5.5. No payment, advance, grant, loan, or guarantee of funds shall be approved by the Federal agency unless the agency ensures that the clauses required by Section 5.5 and the appropriate wage determination of the Secretary of Labor are contained in such contracts.

Finding 2023-002 – Noncompliance/Material Weakness – Special Tests and Provisions – Wage Rate Requirements (Continued)

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of federal information provided for federal reimbursement. During 2023, the Academy entered into a contract agreement with Jade Construction and Yoder Construction for roof projects. During testing, we noted that the contracts that were provided did not contain a prevailing wage rate clause. Further, the Academy could not provide evidence that it was receiving and reviewing certified payrolls.

Without proper controls over wage rate requirements, there is an increased risk that the Academy and its contractors and subcontractors are not in compliance with applicable federal regulations. Additionally, noncompliance could result in federal funding being reduced or taken away, or other sanctions imposed by the federal grantor agency.

The Academy should establish (or perform existing) controls to include the required clauses of 29 CFR 5.5, particularly those concerning prevailing wage rate and the requirement that the contract shall contain required prevailing wage clauses and the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to (or for transmission to, where applicable) the Academy, in its construction contracts (and subcontracts) greater than $2,000 that are covered by the wage rate requirements and take steps to ensure contractors (and subcontractors, if applicable) are in compliance with all labor standards by collecting the required certified payroll documentation in a timely manner. The Academy should obtain the necessary information from the contractor to document compliance with the program requirements and report all suspected or reported violations to the Federal awarding agency.

Client Response:
See accompanying corrective action plan.

A+ Arts Academy
270 S Napoleon Avenue
Columbus, OH 43213

Corrective Action Plan
2 CFR Section 200.511(c)
For the Year Ended June 30, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	We have discussed this with our financial statement complier and this should not be an issue going forward.	Immediately	Michael Ashmore, Treasurer
2023-002	Construction projects for A+ Arts were facilitated by the management company with approval from the Board of Directors. Although the likelihood of additional construction projects being done in the future using Federal dollars since ESSER funds are no longer available is very remote, the management company is aware of the prevailing wage and certified payroll requirement and will make sure any future projects adhere to these requirements.	Immediately	Michael Ashmore, Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

A+ ARTS ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 6/12/2025