



OHIO AUDITOR OF STATE
KEITH FABER



**A+ ARTS ACADEMY
FRANKLIN COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

A+ Arts Academy
Franklin County
2633 Maybury Road
Columbus, Ohio 43232

To the Governing Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the A+ Arts Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2024, 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 the A+ Arts Academy, Franklin County, Ohio as of June 30, 2024, and the change in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 Expenditures of Federal Awards 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 May 20, 2026, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 20, 2026

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**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

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, 2024. 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 2024 financial highlights for the Academy are as follows:

- The Academy saw the net position increase by \$1,538,735 during fiscal year 2024. The Academy is required to report a net pension liability and OPEB liability of \$5,236,650 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 \$4,301,867.
- The total assets of the Academy were \$5,676,330 as of June 30, 2024 which is up over 35% from fiscal year 2023. The Academy saw the capital assets increase by 30.4% and current assets increase by about 66%.
- The Academy decreased the overall debt associated with the Academy by \$16,569.

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.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Financial Analysis

Table 1 provides a summary of the Academy's net position at fiscal year-end for fiscal years 2024 and 2023 (GAAP basis).

**Table 1
Net Position at Year End**

	2024	Restated 2023
	<u>2024</u>	<u>2023</u>
Assets:		
Current and Other Assets	\$ 2,136,485	\$ 1,284,278
Noncurrent Assets	3,539,845	2,910,965
Total Assets	<u>5,676,330</u>	<u>4,195,243</u>
Deferred Outflows	<u>1,812,430</u>	<u>1,328,347</u>
Liabilities		
Current Liabilities	977,222	379,311
Long-term Liabilities		
Net Pension Liability	4,846,661	4,592,985
Net OPEB Liability	389,989	221,761
Other Long-term Liabilities	83,141	8,129
Total Liabilities	<u>6,297,013</u>	<u>5,202,186</u>
Deferred Inflows	<u>1,736,265</u>	<u>2,404,657</u>
Net Position:		
Net investment in capital assets	2,424,964	2,359,896
Restricted	1,537,637	712,939
Unrestricted (Deficit)	(4,507,119)	(5,156,088)
Total Net Position	<u>\$ (544,518)</u>	<u>\$ (2,083,253)</u>

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2024 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.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

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.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

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 increase by \$852,207 as the Academy saw the cash activity increase \$879,898 with higher foundation revenues but the intergovernmental receivable was down slightly. The capital assets increased with the reported construction in progress for a contract payable. The current liabilities increased \$597,911 mainly from the outstanding contract payable. 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 \$496,916.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Financial Analysis

Table 2 shows the change in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

Changes in Net Position

	2024	2023
Operating Revenues:		
State Foundation	\$ 4,421,902	\$ 4,050,084
Other Unrestricted State Grants	-	28,824
Other	9,836	60,926
Total Operating Revenues	<u>4,431,738</u>	<u>4,139,834</u>
Operating Expenses:		
Salaries	1,171	1,131,432
Fringe Benefits	(44,096)	(90,586)
Purchased Services	5,716,931	4,073,908
Materials and Supplies	438,592	481,110
Depreciation/Amortization	149,572	130,399
Other	24,994	26,401
Total Operating Expenses	<u>6,287,164</u>	<u>5,752,664</u>
Operating Loss	<u>(1,855,426)</u>	<u>(1,612,830)</u>
Nonoperating Revenues (Expenses)		
Federal Grants	3,397,498	3,054,293
Interest Expenses	(3,337)	(6,174)
Total Nonoperating Revenues (Expenses)	<u>3,394,161</u>	<u>3,048,119</u>
Change in Net Position	1,538,735	1,435,289
Net Position, Beginning of Year - Restated	(2,083,253)	(3,518,542)
Net Position, End of the Year	<u>\$ (544,518)</u>	<u>\$ (2,083,253)</u>

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Although the student population dropped about 39 FTE during fiscal year 2024, the Academy still saw the foundation revenue increase by \$371,818 with phase-in changes. The federal grant revenue was higher by \$343,205 with additional ESSER funding. The Academy's overall operating expenses were higher in fiscal year 2024 by \$534,500. Most of the increase is attributed to purchased services where the management company expenses are reported.

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 2024, the Academy had \$3,225,745 (net of \$1,011,231 in accumulated depreciation) invested in land, buildings and improvements, and furniture and equipment. Table 3 shows the fiscal year 2024 balances compared to fiscal year 2023:

Table 3
Capital Assets at June 30 (net)

	2024	2023	Change
Land and Construction in Progress	\$814,454	\$143,141	\$671,313
Building and Land Improvements	2,094,807	2,187,957	(93,150)
Right-to-Use Assets	104,830	0	104,830
Furniture and Equipment	211,654	141,697	69,957
Totals	<u>\$3,225,745</u>	<u>\$2,472,795</u>	<u>\$752,950</u>

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

Debt

At June 30, 2024, the Academy paid \$85,933 on the mortgage payable. For more information on the Academy's debt refer to Note 11 of the notes to the financial statements.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Current Financial Issues

The Academy continues to see strong enrollment although it has declined over the last two years. The Academy received funding in 2024 based on 370 FTE students. The Academy receives its funding mostly from state aid. Foundation revenue for fiscal year 2025 was \$3,138,992 on 264 FTE, which is down about \$1.3 million over the June 2024 calculation.

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, 2024

Assets:

Current assets:	
Cash and cash equivalents	\$ 1,866,389
Intergovernmental receivable	270,096
Total current assets	<u>2,136,485</u>

Noncurrent assets:	
Net OPEB asset	314,100
Capital assets:	
Nondepreciable capital assets	814,454
Depreciable capital assets	<u>2,411,291</u>
Total capital assets	<u>3,225,745</u>
Total noncurrent assets	<u>3,539,845</u>

Total Assets	<u>5,676,330</u>
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Deferred Outflows of Resources:

Pension	1,385,559
OPEB	<u>426,871</u>

Total Deferred Outflows of Resources	<u>1,812,430</u>
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Liabilities:

Current liabilities	
Accounts payable	276,582
Contracts payable	671,313
Current portion of financed purchases payable	21,433
Current portion of mortgage payable	<u>7,894</u>
Total current liabilities	<u>977,222</u>

Long term liabilities	
Net Pension liability	4,846,661
Net OPEB liability	389,989
Financed purchases payable (net of current)	<u>83,141</u>
Total long term liabilities	<u>5,319,791</u>

Total Liabilities	<u>6,297,013</u>
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Deferred Inflows of Resources:

Pension	956,735
OPEB	<u>779,530</u>

Total Deferred Inflows of Resources	<u>1,736,265</u>
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Net Position:

Net investment in capital assets	2,424,964
Restricted	
Net OPEB Asset	314,100
Grants	1,223,537
Unrestricted (Deficit)	<u>(4,507,119)</u>

Total Net Position	<u><u>\$ (544,518)</u></u>
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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, 2024

Operating revenues:

Foundation payments	\$	4,421,902
Other operating revenues		<u>9,836</u>

Total operating revenues

4,431,738

Operating expenses:

Salaries	1,171
Fringe benefits	562,405
Changes in net pension and OPEB	(606,501)
Purchased services	5,716,931
Materials and supplies	438,592
Depreciation/Amortization	149,572
Other operating expenses	<u>24,994</u>

Total operating expenses

6,287,164

Operating Loss

(1,855,426)

Non-Operating revenues and expenses:

Federal grants	3,397,498
Interest and fiscal charges	<u>(3,337)</u>

Total non-operating revenues and expenses

3,394,161

Change in net position

1,538,735

Net position as previously reported

(2,034,937)

Restatement: Change in accounting estimated

(48,316)

Net position at beginning of year

(2,083,253)

Net position at end of year

\$ (544,518)

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, 2024

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 4,420,390
Cash received from other operating revenues	9,836
Cash payments for personal services	(552,639)
Cash payments for purchased services	(5,744,732)
Cash payments for supplies and materials	(460,169)
Net cash used for operating activities	<u>(2,327,314)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	<u>3,425,189</u>
Net cash provided by noncapital financing activities	<u>3,425,189</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(119,605)
Principal paid on debt obligations	(95,035)
Interest paid on debt obligations	(3,337)
Net cash used by capital and related financing activities	<u>(217,977)</u>

Net change in cash and cash equivalents	879,898
Cash and Cash Equivalents at beginning of year	<u>986,491</u>
Cash and Cash Equivalents at end of year	<u><u>1,866,389</u></u>

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

Operating Loss	(1,855,426)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation/Amortization	149,572
Change in assets and liabilities:	
Increase in deferred outflows	(484,083)
Decrease in accounts payable	(14,959)
Decrease in deferred inflows	(668,392)
Change in net pension/opeb asset/liability	<u>545,974</u>

Net cash used for operating activities	<u><u>\$ (2,327,314)</u></u>
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Non-cash transactions: The Academy entered into a right-to-use asset for \$111,604. The Academy also reports construction in progress for a contract payable.

See accompanying notes to the basic financial statements

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

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 Department of Education and Workforce (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.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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.

C. Budgetary Process

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 \$5,000. 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:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	20
Land Improvements	10
Other Equipment	5
Copiers and Furniture	5
Computer Equipment	3

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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, 2024 totaled \$7,819,400.

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.

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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

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, 2024, the carrying amount of the Academy's deposits was \$1,866,389 and the bank balance was \$1,866,540. Of the bank balance, \$1,616,540 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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 4 – PURCHASED SERVICES

For the fiscal year ended June 30, 2024, purchased services expenses are as follows:

Professional and Technical	\$ 3,144,293
Management Company Services	1,227,952
Property Services	699,525
Food Service	280,032
Sponsorship	132,265
Utilities	111,776
Legal Fees	42,811
Communications	33,858
Travel/Meetings/Transportation	27,839
Data Services	15,080
Other	1,500
	<u>\$ 5,716,931</u>

NOTE 5 – RECEIVABLES

Receivables at June 30, 2024, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. The Academy reported \$71,262 for ESSER, \$125,626 for Title IV, \$9,610 for Title VI-B, \$5,571 School Improvement, \$51,416 for Title I, \$3,752 for Title IV-A, and \$2,859 for Reducing Class Grants.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024:

	Restated Balance 6/30/23	Additions	Deductions	Balance 6/30/24
Capital Assets Not Being Depreciated				
Land	\$143,141	\$0	\$0	\$143,141
Construction in Progress	0	671,313		671,313
Total Capital Assets Not Being Depreciated	<u>143,141</u>	<u>671,313</u>	<u>0</u>	<u>814,454</u>
Capital Assets Being Depreciated				
Land Improvements	44,217	0	0	44,277
Building	2,741,232	0	0	2,741,232
Right-to-Use Asset - Furniture and Equipment	0	111,604		111,604
Furniture and Equipment	405,864	119,605	0	525,469
Total Capital Assets Being Depreciated/Amortized	<u>3,191,313</u>	<u>231,209</u>	<u>0</u>	<u>3,422,522</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	(29,135)	(2,224)	0	(31,359)
Building	(568,357)	(90,926)	0	(659,283)
Right-to-Use Asset - Furniture and Equipment	0	(6,774)		(6,774)
Furniture and Equipment	(264,167)	(49,648)	0	(313,815)
Total Accumulated Depreciation/Amortization	<u>(861,659)</u>	<u>(149,572)</u>	<u>0</u>	<u>(1,011,231)</u>
Total Capital Assets Being Depreciated, Net	<u>2,329,654</u>	<u>81,637</u>	<u>0</u>	<u>2,411,291</u>
Capital Assets, Net	<u>\$2,472,795</u>	<u>\$752,950</u>	<u>\$0</u>	<u>\$3,225,745</u>

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FRANKLIN COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 7 – SPONSORSHIP AGREEMENT

The Academy has entered into a sponsorship agreement with the Department of Education and Workforce (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 \$132,265 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' liability, 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 no longer has employees and the State Workers' Compensation System premiums for employee injury coverage has been transferred to the management company for payment related to their employees operating withing the Academy.

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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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.

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$241,412 for fiscal year 2024. Of this amount \$0 is reported as an intergovernmental payable.

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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 upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$294,541 for fiscal year 2024. 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, 2023, 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:

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability - prior measurement date	0.0153671%	0.016922140%	
Proportion of the Net Pension Liability - current measurement date	<u>0.0247708%</u>	<u>0.016150260%</u>	
Change in proportionate share	<u><u>0.0094037%</u></u>	<u><u>-0.000771880%</u></u>	
Proportionate Share of the Net Pension Liability	\$1,368,712	\$3,477,949	\$4,846,661
Pension Expense (Income)	(\$90,707)	\$38,962	(\$51,745)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$58,830	\$126,799	\$185,629
Changes in proportion share	367,852	0	367,852
Changes in assumptions	9,696	286,429	296,125
Academy contributions subsequent to the measurement date	<u>241,412</u>	<u>294,541</u>	<u>535,953</u>
Total Deferred Outflows of Resources	<u><u>\$677,790</u></u>	<u><u>\$707,769</u></u>	<u><u>\$1,385,559</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$19,238	\$10,424	\$29,662
Differences between expected and actual experience	0	7,718	7,718
Changes in assumptions	0	215,598	215,598
Changes in proportion share	<u>20,580</u>	<u>683,177</u>	<u>703,757</u>
Total Deferred Inflows of Resources	<u><u>\$39,818</u></u>	<u><u>\$916,917</u></u>	<u><u>\$956,735</u></u>

\$535,953 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$126,543	(\$383,805)	(\$257,262)
2026	84,850	(383,091)	(298,241)
2027	184,147	313,656	497,803
2028	<u>1,020</u>	<u>(50,449)</u>	<u>(49,429)</u>
Total	<u>\$396,560</u>	<u>(\$503,689)</u>	<u>(\$107,129)</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, 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)

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 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.

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

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	\$2,020,152	\$1,368,712	\$820,002

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2023, 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 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis. Actuarial assumptions used in the July 1, 2021 valuation are based on the results of an actuarial experience study, for the period of July 1, 2011 through June 30, 2016.

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

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

*Final target weights reflected at October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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, 2023, and was also 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the 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	\$5,348,315	\$3,477,949	\$1,896,130

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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.

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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2024, the Academy's surcharge obligation was \$8,534.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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, 2024, STRS Ohio did not allocate any employer contributions to post-employment health care.

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, 2023, 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 (income):

	SERS	STRS	Total
Proportion of the Net Pension Liability (Asset) - prior measurement date	0.0157948%	0.016922140%	
Proportion of the Net OPEB Liability (Asset) - current measurement date	0.0236723%	0.016150260%	
Change in proportionate share	<u>0.0078775%</u>	<u>-0.000771880%</u>	
Proportionate Share of the Net			
OPEB Liability/(Asset)	\$389,989	(\$314,100)	\$75,889
OPEB Expense (Income)	(\$11,246)	(\$14,235)	(\$25,481)

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$813	\$490	\$1,303
Net difference between projected and actual earnings on pension plan investments	3,023	558	3,581
Changes in proportion share	204,260	31,053	235,313
Changes in assumptions	131,867	46,273	178,140
Academy contributions subsequent to the measurement date	<u>8,534</u>	<u>0</u>	<u>8,534</u>
Total Deferred Outflows of Resources	<u><u>\$348,497</u></u>	<u><u>\$78,374</u></u>	<u><u>\$426,871</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$201,131	\$47,909	\$249,040
Changes in assumptions	110,760	207,246	318,006
Change in proportionate share	<u>207,237</u>	<u>5,247</u>	<u>212,484</u>
Total Deferred Inflows of Resources	<u><u>\$519,128</u></u>	<u><u>\$260,402</u></u>	<u><u>\$779,530</u></u>

\$8,534 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$110,924)	(\$90,043)	(\$200,967)
2026	(103,026)	(35,037)	(138,063)
2027	(45,928)	(8,844)	(54,772)
2028	699	(14,610)	(13,911)
2029	3,936	(19,362)	(15,426)
Thereafter	<u>76,078</u>	<u>(14,132)</u>	<u>61,946</u>
Total	<u><u>(\$179,165)</u></u>	<u><u>(\$182,028)</u></u>	<u><u>(\$361,193)</u></u>

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level percent of payroll)
Fiduciary Net Position is projected to be depleted by:	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the 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 be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Academy's proportionate share of the net OPEB liability	\$286,511	\$389,989	\$527,110

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Academy's proportionate share of the net OPEB liability	\$498,516	\$389,989	\$304,409

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FRANKLIN COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

*Final target weights reflected at October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 OPEB liability was 7.00 percent as of June 30, 2023, and was also 7.00 percent as of June 30, 2022. 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, 2023. 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, 2023.

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, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net OPEB asset	(\$265,845)	(\$314,100)	(\$356,126)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	(\$358,076)	(\$314,100)	(\$261,132)

NOTE 11 – DEBT

Long-term debt outstanding for the Academy as of June 30, 2024 was as follows:

Description	Balance 06/30/23	Additions	Deletions	Balance 06/30/24	Due Within One Year
Mortgage from Direct Borrowing	\$93,827	\$0	\$85,933	\$7,894	\$7,894

Other long-term obligations for the Academy as of June 30, 2024 were as follows:

Description	Balance 06/30/23	Additions	Deletions	Balance 06/30/24	Due Within One Year
Leases Payable	\$2,072	\$0	\$2,072	\$0	\$0
Financed Purchases Payable	0	111,604	7,030	104,574	21,433
Net Pension Liability					
SERS	831,172	537,540	0	1,368,712	0
STRS	3,761,813	0	283,864	3,477,949	0
Net OPEB Liability					
SERS	221,761	168,228	0	389,989	0
Total	\$4,816,818	\$817,372	\$292,966	\$5,341,224	\$21,433

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 as described in Note 10. The State Teachers' Retirement System reports a net OPEB asset for the current year. In the prior year, the Academy reported compensated absences payable for accrued vacation leave. The Academy no longer has employees.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 11 – DEBT (continued)

Principal and interest requirements to retire mortgage payable outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Mortgage Payable		
	Principal	Interest	Total
2025	\$7,894	\$38	\$7,932

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.

Financed Purchases Payable: The Academy entered into financing purchased for copiers and printers during fiscal year 2024. The future 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.

Principal and interest requirements to financed purchases payable outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Financed Purchases Payable		
	Principal	Interest	Total
2025	\$21,433	\$2,279	\$23,712
2026	21,953	1,759	23,712
2027	22,487	1,225	23,712
2028	23,034	678	23,712
2029	15,667	141	15,808
Totals	\$104,574	\$6,082	\$110,656

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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 12 – CONTINGENCIES (Continued)

B. Academy Funding

For fiscal year 2024, 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 50 percent for fiscal year 2025 and 66.67 percent for fiscal year 2026.

NOTE 13 – MANAGEMENT COMPANY EXPENSES

As of June 30, 2024, 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
<i>Direct Expenses:</i>					
Salaries & wages (100 object codes)	\$1,812,011	\$274,089	\$1,433,273	\$4,947	\$3,524,320
Employees’ benefits (200 object codes)	0	0	0	17,162	17,162
Professional & technical services (410 object codes)	0	0	0	3,476	3,476
Property services (420 object codes)	0	0	0	7,671	7,671
Supplies (500 object codes)	0	0	0	6,528	6,528
Other direct costs (All other object codes)	0	0	0	23,119	23,119
Overhead	0	0	0	449,296	449,296
Total Expenses	\$1,812,011	\$274,089	\$1,433,273	\$512,199	\$4,301,572

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.

**A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2024, the Academy implemented Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections* which had impact on the beginning net position. The statement addresses how certain items need to be accounted for with respect to financial reporting:

Change in Accounting Principle

- The nature of the change in accounting principle, including (1) identification of the financial statement line items (excluding totals and subtotals) affected by the application of the new accounting principle and (2) for the implementation of a new pronouncement, identification of the pronouncement that was implemented.
- Except for the implementation of a new pronouncement, the reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable.

Correction of an Error

The Academy should disclose the following in notes to financial statements for each error correction:

- The nature of the error and its correction, including the periods affected by the error and identification of the financial statement line items (excluding totals and subtotals) affected by the error in prior periods.
- For financial statements that present a single period, the effect on the prior period's change in net position, fund balance, or fund net position, as applicable, had the error not occurred.

The Academy did have a correction of error for fiscal year 2024. The Academy previously capitalized assets if they were over \$1,000 but reviewing the capital asset policy states the threshold is \$5,000. The prior capital asset were evaluated and those assets under the \$5,000 threshold were removed. The net impact to the beginning net position was a restatement of \$48,316 from (\$2,034,937) to (\$2,083,253).

NOTE 15 – SUBSEQUENT EVENTS

Effective July 1, 2025, the Academy is no longer using a management company. On May 1, 2026 the Academy paid \$547,500 to Performance 2500, LLC as part of a settlement agreement related to construction work on two Academy buildings.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Academy's Proportion of the Net Pension Liability	0.0247708%	0.0153671%	0.0164908%	0.0301747%	0.0276720%	0.0269711%	0.030080%	0.026386%	0.017625%	0.013869%
The Academy's Proportion Share of the Net Pension Liability	\$ 1,368,712	\$ 831,172	\$ 608,463	\$ 1,995,818	\$ 1,655,664	\$ 1,544,685	\$ 1,797,196	\$ 1,931,175	\$ 1,005,694	\$ 701,902
The Academy's Covered Payroll	\$ 843,479	\$ 612,136	\$ 547,929	\$ 943,471	\$ 1,037,895	\$ 863,664	\$ 982,947	\$ 838,321	\$ 542,282	\$ 1,046,307
The Academy's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.27%	135.78%	111.05%	211.54%	159.52%	178.85%	182.84%	230.36%	185.46%	67.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Academy's Proportion of the Net Pension Liability	0.016150260%	0.016922140%	0.018276556%	0.02251413%	0.02389036%	0.02235629%	0.02013573%	0.02054973%	0.01356099%	0.09695000%
The Academy's Proportion Share of the Net Pension Liability	\$ 3,477,949	\$ 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
The Academy's 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	\$ 1,295,605
The Academy's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.63%	153.84%	107.57%	205.75%	184.61%	187.00%	222.30%	303.35%	251.26%	182.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%	70.10%	77.30%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 241,412	\$ 118,087	\$ 85,699	\$ 76,710	\$ 132,086	\$ 140,116	\$ 120,913	\$ 137,612	\$ 117,365	\$ 71,473
Contributions in Relation to the Contractually Required Contribution	(241,412)	(118,087)	(85,699)	(76,710)	(132,086)	(140,116)	(120,913)	(137,612)	(117,365)	(71,473)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Academy Covered Payroll	\$ 1,724,371	\$ 843,479	\$ 612,136	\$ 547,929	\$ 943,471	\$ 1,037,895	\$ 863,664	\$ 982,947	\$ 838,321	\$ 542,282
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 294,541	\$ 299,404	\$ 342,328	\$ 304,142	\$ 370,682	\$ 400,657	\$ 368,010	\$ 301,238	\$ 317,456	\$ 208,826
Contributions in Relation to the Contractually Required Contribution	(294,541)	(299,404)	(342,328)	(304,142)	(370,682)	(400,657)	(368,010)	(301,238)	(317,456)	(208,826)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Academy Covered Payroll	\$ 2,103,864	\$ 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
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%	14.00%
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 Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
The Academy's Proportion of the Net OPEB Liability	0.0236723%	0.0157948%	0.0169445%	0.0285340%	0.02673700%	0.0262751%	0.0303172%	0.0266297%
The Academy's Proportion Share of the Net OPEB Liability	\$ 389,989	\$ 221,761	\$ 320,689	\$ 620,135	\$ 672,382	\$ 728,942	\$ 813,634	\$ 813,634
The Academy's Covered Payroll	\$ 843,479	\$ 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	46.24%	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	30.02%	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 Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
The Academy's Proportion of the Net OPEB Liability/(Asset)	0.016150260%	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)	\$ (314,100)	\$ (438,170)	\$ (385,356)	\$ (395,683)	\$ (395,676)	\$ (359,243)	\$ 785,622	\$ 1,099,005
The Academy's 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
The Academy's Proportion Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	(14.69)	(16.59%)	(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)	168.50%	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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 8,534	\$ -	\$ 10,733	\$ 10,610	\$ 5,190	\$ 13,910	\$ 13,845	\$ 15,567	\$ 27,086	\$ 15,059
Contributions in Relation to the Contractually Required Contribution	(8,534)	-	(10,733)	(10,610)	(5,190)	(13,910)	(13,845)	(15,567)	(27,086)	(15,059)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Academy Covered Payroll	\$ 1,724,371	\$ 843,479	\$ 612,136	\$ 547,929	\$ 943,471	\$ 1,037,895	\$ 863,664	\$ 982,947	\$ 838,321	\$ 542,282
Contributions as a Percentage of Covered Payroll	0.49%	0.00%	1.75%	1.94%	0.55%	1.34%	1.60%	1.58%	3.23%	2.78%
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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Academy Covered Payroll	\$ 2,103,864	\$ 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
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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 Assumptions – SERS (fiscal year 2024)

Amounts reported for fiscal year 2024 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent

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

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent

Medical Trend Assumption:

Fiscal year 2024	6.75 to 4.40 percent
Fiscal year 2023	7.00 to 4.40 percent

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2024, the health care trend assumption rate changed as follows: Pre-Medical Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.00 percent initial, 3.94 percent ultimate and medical Medicare - from -10.94 percent initial, 4.14 percent ultimate to -68.78 percent initial, 3.94 percent ultimate. Prescription Drug Pre-Medicare – from -11.95 percent initial, 4.14 percent ultimate to 9 percent initial, 3.94 percent ultimate and prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to -5.47 percent initial, 3.94 percent ultimate.

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – STRS (Continued)

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.

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.

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Benefit Terms – STRS (Continued)

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, 2021 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.

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**A+ ARTS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR		
<i>Passed Through Grantor</i>		
Program / Cluster Title	Federal AL Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed through the Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 66,390
COVID-19 National School Lunch Program	10.555	19,929
National School Lunch Program	10.555	181,053
Total Child Nutrition Cluster		<u>267,372</u>
Total U.S. Department of Agriculture		<u>267,372</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed through the Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010A	1,148,691
Special Education Grants to States (Special Education Cluster)	84.027A	115,698
Twenty-First Century Community Learning Centers	84.287C	329,223
Supporting Effective Instruction State Grants	84.367A	89,347
Student Support and Academic Enrichment Program	84.424A	70,251
COVID-19 Education Stabilization Fund:		
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	536,921
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	328,308
COVID-19 Education Stabilization Fund (ARP Homeless)	84.425W	8,704
Total COVID-19 Education Stabilization Fund		<u>873,933</u>
Total U.S. Department of Education		<u>2,627,143</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,894,515</u></u>

The accompanying notes are an integral part of this schedule.

**A+ ARTS ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of A+ Arts Academy, Franklin County, Ohio, (the Academy) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, change in net position, or cash flows of the Academy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – 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 E – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The Academy transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>AI Number</u>	<u>Amount</u>
Title I Grants to Local Educational Agencies	84.010	\$ 23,437
Supporting Effective Instruction State Grants	84.367	3,965
Student Support and Academic Enrichment Program	84.424	32,208

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

A+ Arts Academy
Franklin County
2633 Maybury Road
Columbus, Ohio 43232

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the A+ Arts Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated May 20, 2026.

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 Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 20, 2026



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

A+ Arts Academy
Franklin County
2633 Maybury Road
Columbus, Ohio 43232

To the Governing Board:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited A+ Arts Academy's, Franklin County, Ohio, (the Academy) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of A+ Arts Academy's major federal programs for the year ended June 30, 2024. A+ Arts Academy's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on the COVID-19 Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, A+ Arts Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 Education Stabilization Fund for the year ended June 30, 2024.

Unmodified Opinion on the Other Major Federal Program

In our opinion, A+ Arts Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the COVID-19 Education Stabilization Fund

As described in findings 2024-001 and 2024-002 in the accompanying schedule of findings, the Academy did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2024-001	84.425	COVID-19 Education Stabilization Fund	Special Tests and Provisions – Wage Rate Requirements
2024-002	84.425	COVID-19 Education Stabilization Fund	Equipment and Real Property Management

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

Responsibilities of Management for Compliance

The Academy's 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 each 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 Matter

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

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2024-001 and 2024-002, to be material weaknesses.

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 responses to the internal control over compliance findings identified in our audit described in the accompanying corrective action plan. The Academy's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 20, 2026

**A+ ARTS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – COVID-19 Education Stabilization Fund Unmodified – Title I Grants to Local Educational Agencies
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund Title I Grants to Local Educational Agencies
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

**A+ ARTS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number:	2024-001
Assistance Listing Number and Title:	AL # 84.425 COVID-19 Education Stabilization Fund
Federal Award Identification Number / Year:	2024
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Special Tests and Provisions – Wage Rate Requirements
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	Yes

Noncompliance and Material Weakness – Prevailing Wage Requirements

2 CFR § 3474.1 gives regulatory effect to the Department of Education (ED) for **Appendix II to 2 CFR Part 200** which states, in part, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following:

- (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.

**A+ ARTS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Noncompliance and Material Weakness – Prevailing Wage Requirements (Continued)

Lack of effective controls led to the Academy expending AL# 84.425 COVID-19 Education Stabilization Fund federal grant funds on projects which did not meet the requirements of the Davis Bacon Act.

For all projects subject to federal prevailing wage requirements, the Academy did not enter into a written agreement with the contractor which contained a provision to ensure the contractor complied with Federal wage rate requirements. Further, the Academy did not obtain weekly certified payroll reports from the contractor to verify prevailing wages were paid on a weekly basis.

This noncompliance also resulted in a qualified opinion over the AL# 84.425 COVID-19 Education Stabilization Fund program.

Failure to have effective controls in place over wage-rate requirements may result in the Academy and its contractors or subcontractors failing to pay prevailing wages when required by Federal law and could result in reduction of future Federal funding or other sanctions imposed by Federal grantors.

When required by Federal grant legislation, the Academy should ensure prime construction contracts in excess of \$2,000 paid with Federal grant monies contain provisions that require the contractor to comply with wage rate requirements. Further, the Academy should ensure certified payroll reports are provided weekly by the contractor.

Officials' Response: See Corrective Action Plan

**A+ ARTS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number:	2024-002
Assistance Listing Number and Title:	AL # 84.425 COVID-19 Education Stabilization Fund
Federal Award Identification Number / Year:	2024
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Equipment and Real Property Management
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness – Equipment and Real Property Management

2 CFR § 3474.1 gives regulatory effect to the Department of Education for **2 CFR § 200.313(d)** which provides that procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Furthermore, the Academy's Fixed Asset Policy requires a "periodic" physical inventory of Fixed Assets.

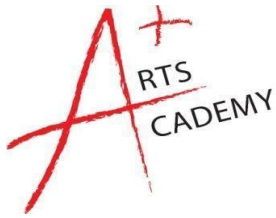
Due to the lack of proper controls over equipment and real property, the Academy did not perform a physical inventory of fixed assets within the prior two fiscal years. Additionally, the documented frequency in which a physical inventory is to be performed within the Academy's Fixed Asset Policy is not in agreement with federal requirements.

This noncompliance also resulted in a qualified opinion over the AL# 84.425 COVID-19 Education Stabilization Fund program.

Failure to perform required physical inventories may result in the loss, misappropriation, theft, or diversion of assets and noncompliance with federal award requirements and Academy policy.

The Academy should perform the required physical inventory of property at least once every two years. The Academy should also revise its Fixed Asset Policy to ensure agreement with federal requirements.

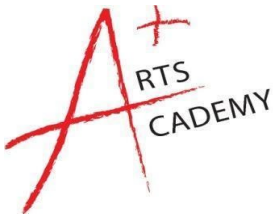
Officials' Response: See Corrective Action Plan



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Noncompliance / Material Weakness – Financial Reporting	Corrective Action Taken and Finding is Fully Corrected	
2023-002	Noncompliance / Material Weakness – Wage Rate Requirements	Not Corrected	The Academy did not comply with prevailing wage rate requirements related to the federal ESSER program. Finding is being repeated in the current audit as Finding 2024-001.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024

Finding Number: 2024-001

Planned Corrective Action: During FY24 A+ Arts Academy was under a management company arrangement. The management company negotiated and recommended the contract for construction services that prevailing wages were not paid. As of 7/1/25, A+ Arts is self-managed and any future construction contracts will be negotiated by A+ Arts administration and presented to the Board for approval. Prior to entering into any contract, a determination will be made if prevailing wages should be paid. Additionally, the fact the construction contract was paid for with Federal dollars is unusual and only happened to do ESSER dollars. It is unlikely that any contracts in the future will be paid for using Federal dollars.

Anticipated Completion Date: 6/30/24

Responsible Contact Person: Michael F. Ashmore. Treasurer

Finding Number: 2024-002

Planned Corrective Action: Every two years the school will begin completing a physical inventory of fixed assets. Additionally, the school will revise their fixed asset policy to make sure it is in alignment with Federal regulations.

Anticipated Completion Date: 6/30/24

Responsible Contact Person: Michael F. Ashmore, Treasurer

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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 6/23/2026

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

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